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Deng Says 'Patriots' Will Run Hong Kong

BEIJING — Deng Xiaoping, the Chinese leader, has been quoted as saying that Hong Kong in the fu-ture will be run by local Chinese "patriots" who support Beijing's resumption of sovereignty over the. British rolony.

Hong Kong is scheduled to revert to China after Britain's lease

expires in 1997.
"We don't require them all to favor China's socialist system, but only ask them to love the motherland and Hong Kong," the Xinhua news agency on Saturday quoted Mr. Deng as saying.

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He said the region "must be administered by Hong Kong residents with patriotic Chinese as the main body. ... Naturally, other people can play roles, too, and foreigners can be invited as advisers." The report was taken from Mon-day's issue of the Beijing weekly

magazine Outlook and was written from remarks made by China's senior leader at meetings with two Hong Kong delegations in June.
According to Mr. Deng, chairman of the Communist Party's

Central Advisory Commission, Hong Kong's socio-economic system will continue, and its laws will remain basically unchanged after China resumes sovereignty.

Mr. Deng said problems during the 13-year transition period should be solved "step by step." First, major fluctuations or setbacks must be avoided and the prosperity and stability of Honga Kong maintained. Second, conditions must be created for Hong

government smoothly," he said. Beijing has said Hong Kong will remain a free port and international trading and monetary center, with its own economic relations with other countries.

"Our policies toward Hong Kong will remain unchanged for 50

green of loading industrialists.

Our policy for two systems in one country was adopted by the National People's Congress. Some people are worrying whether this policy will change," said Mr. Deng.
"I say that it will not change. The
core of the matter is whether this policy is correct or not. If it is

correct, it will not be changed." Mr. Deng repeated his May 25 statement that Beijing will station troops in Hong Kong when it be-comes a special administrative region of China, but said it will not send officials to help govern the

territory. Beijing apparently decided to publish his remarks in response to a controversy over Mr. Deng's meeting last week with three prominent Hong Kong legislators, whom he refused to recognize as official

THE PARTY

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spokesmen for the colony's 5.5 mil-After Mr. Deng's reported remarks were criticized as evidence of Beijing's insensitivity, the Communist press released its version of the meeting, at which Mr. Deng was quoted as saying, "I have no doubt

But, in the excerpts from Outlook, Mr. Deng reportedly said talk of a breakdown in confidence was premature.

there will be unrest."

The contents of the Sino-British talks on the Hong Kong issue have ered a key to winning impoverished not been disclosed yet," he wrote, "so many Hong Kong residents do inve-year-old leftist insurgency. Hong Kong businessmen last week, he promised that China would not interfere with the colony's passion for gambling.



President Hernán Siles Zuazo of Bolivia, right, with one of the gunmen who held him captive for 10 hours on Saturday.

Bolivia President Held 10 Hours in Coup Attempt

Compiled by One Staff From Dispatches ers, sought refuge in the Venezue-LA PAZ — President Hernan lan Embassy. The Interior Ministry the bedroom of Bolivia's presidentrigger a coup, but search teams freed him unharmed 10 hours later Kong residents to take over the

after intense negotiations. vilian clothes, were holding a pistol to his head when we found him, and threatened to kill him," said Jorge Crespo, foreign affairs un-

Mr. Crespo said that he and Fi-nance Minister Oscar Bonifaz nehand anni-cocatne police unit found, Cabinet Secretary Miguel

The military refused to recognize the results of elections when Mr. ian government said late Saturday the conditions for a military coup site.

Siles Znazo, 70, became Bolivia's chart the Leopards had taken part in that failed, and the government is in the countries in that popularly elected president in the countries in the countri years, and we mean what we say,"
years, and we mean what we say,"
mance Minister Oscar Bonifaz neyears, and we mean what we say,"
mance Minister Oscar Bonifaz nethree members of Hong Kong's Exkidnappers at the warehouse to
kidnappers at the warehouse to kidnappers at the warehouse to kidnappers at the warehouse to kidnappers at the warehouse to kidnappers at the warehouse to kidnappers at the warehouse to kidnappers at the warehouse to kidnappers at the warehouse to kidnappers at the warehouse to kidnappers at the w first popularly elected president in 18 years when he was installed in

1982, ending military rule. His six captors, who threatened cale to blow him up with grenades unless they were granted asylum in a foreign embassy, were given safe passage to the Argentine Embassy.

a Venezuelan government spokestial palace on Saturday in a bid to man in Caracas said he believed only five were in the mission. The Argentine government later

said that the six men in its La Paz "The kidnappers, dressed in ci-residence surrendered their weapons and were received as "lodgers," at the request of Mr. Siles Zuazo, pending further determination. Bolivian officials said that one of

the officers in the Venezuelan Embassy was Lieutenant Colonel Ger-

Throughout the 10-hour ordeal the streets in La Paz remained calm, and no violence was report-

After he was freed, Mr. Siles Zuazo stood on a balcony of the presidential palace and spoke to cheering supporters gathered in Another group of suspected kidnappers, apparently the ringlead-Plaza Murillo.

"We want the country to know formed policemen armed with M-that we constitute the fundamental 30 machine guns and led by a Siles Zuazo was kidnapped from said seven were in the embassy, but and implacable force as demonstrated by our democratic principles and our social creed," the president said. "The result has been a happy one because all Bolivians

have emerged united." Defense Minister Manuel Cardeby two army officers. Colonel Rolando Saravia, regional military commander of Pando, near the border with Brazil, and Major Luis

Shortly after the abduction, the Alfredo Villaroel, expressed his exile and take office. "total repudiation of the crime" their barracks.

Mr. Cárdenas said that the president was abducted by 60 uni- said.

lieutenant from the Police Academy, which is run by the Interior more serious and considered red States that was responsible for Sponse through diplomatic chanter of both sets of Communication.

The policemen overpowered a small unit of guards at the presidential residence about 5:30 A.M., forced the president into a vehicle nas said the coup attempt was led and sped away, he said. The president's wife was left behind un-

labor unrest, the military in 1982 "reconfirmed" the election results head of the armed forces, General and allowed him to return from ter the European Community

While the president was held and announced a state of emergen- hostage, cabinet ministers met to ensure institutional stability," Foreign Minister Gustavo Fernandez

previous two occurred when right-

ist assembly members voted to se-

lect conservatives to head the com-

El Salvador's highest police offi-

cial said last week that an individ-

nal is under investigation for plot-

ting to assassinate Ambassador

Thomas R. Pickering, The New

cy restricting all military units to "adopt preventative measures to

Soviet Opposes U.S. Plan Linking Space Talks to Resumption at Geneva

would be "to discuss and define"

arrangements for resuming negotiations on strategic and intermediate-range nuclear weapons reduc-

tion and to work out "feasible

negotiating approaches" to "verifi-able and effective" anti-satellite

The administration's response

represented a major step away

from the coolness with which it

reacted several weeks ago when President Konstantin U. Cher-

called for negotiations on banning

In March, Mr. Reagan sent Con-

gress a report saying he would not

seek to negotiate a comprehensive

anti-satellite weapons ban because

there was no way to verify it. But the administration has come

under mounting election-year pres-

sure to reach accommodation with

said the Russians may have been surprised by Washington's quick

acceptance of their proposal. Mos-

cow is believed to suspect a possi-

ble trap in this move since U.S.

officials have raised the possibility

volve discussions about strategic

viet allegations that it was the Unit-

that the proposed talks would in-

and medium-range missiles.

Diplomatic observers in Moscow

anti-satellite weapons.

the Soviet Union.

By Dusko Doder

Washington Post Service MOSCOW - A U.S. announcement that it is willing to begin negotiations on banning anti-satellite weapons in space if the talks are linked to a resumption of negotiations on medium-range and strategic missiles was described Sunday by the Soviet Union as "totally

The United States on Friday accepted a Soviet proposal made earlier in the day to begin talks on banning the anti-satellite weapons, but the administration called for broadening the discussions to include ways of resuming the Geneva

While the official statement distributed Sunday by Tass described Washington's response as unsatis-factory, it said Moscow's offer to open talks in Vienna in September remains in force."

The Soviet government, it added, "expresses the hope that the U.S. administration will adopt a more

serious and more responsible atti-tude to this proposal." The White House expressed disappointment Sunday at the dismissal of the U.S. agreement to take part in talks on space weap-ons, Reuters reported from Wash-

["We are disappointed with their public response, a White House statement said. "We hope to have a

sponse through diplomatic chan-President Ronald Reagan's na-

ert C. McFarlane, said Friday that

tional security affairs adviser, Rob-

the collapse of both sets of Geneva arms talks by the deployment of Pershing-2 and cruise missiles in

Western Europe "The U.S. administration has the United States was prepared to not made, nor does it wish to make.

meet with the Russians in September at any location.

But Mr. McFarlane said the aim

a single step to open the way for considering these questions by way of talks," the statement said.

The Soviet rejoinder to Washington's avowed willingness to open talks on space weapons came as Britain's foreign secretary, Sir Geoffrey Howe, arrived in Mos-cow. He is the first British foreign secretary to make an official trip to

Moscow in seven years. Since arms control and East-West issues are high on Sir Geoffrey's agenda, it was expected that he would hear more detailed information about Moscow's proposal

nenko of the Soviet Union first on banning space weapons. There were speculation that Sunday's Tass statement was designed to categorically foreclose any possi-bility of broadening the proposed Vienna talks to include other arms

Moreover, the statement voiced Soviet concerns about previously stated U.S. attitudes toward comprehensive negotiations on banning the development and deploy-

ment of all space weapons. It said that "as to the space weapons proper," the Americans "do not want them to be banned, as proposed by the Soviet Union." It said that Washington sought to avoid serious talks on the subject, suggesting instead "that the discus-sion be limited only to the study of some 'approaches' of a general

character to the problem. Sunday's statement repeated So-"In other words, they are seeking to retain freedom of action for implementing programs directed at turning outer space into a springboard for aggression.

"Tass is authorized to state that

The kidnappers apparently expected support from the military, which has not been a strong backer For the EC, a New Set of Problems

New York Times Service

PARIS - About 10 minutes afcountries resolved their five-year budget dispute last week, the where-do-we-go-from-here and what-have-you-done-for-us lately questions began again.

They had a special undertone: With Europe seemingly rid of its budget millstone, the questions suggested there were no more excuses for failing to move toward political unity and the kind of cooperation that would involve citizens, rather than governments, in creating European integration.

Although Prime Minister Margaret Thatcher wanted to talk at a news conference in Fontainebleau about what a good deal she felt she had fashioned for Britain, some of the questioners had other things on What had she done about her old

pledges to bring down intra-Euro-pean air fares, which are vastly higher than those in the United States over similar distances? And weren't some of the summit participants' recommendations for raising Euro-consciousness in the 10 mem ber countries — a European flag, a European anthem, all-European sports teams - just cosmetics, and pathetically insignificant?

Mrs. Thatcher replied by barely The deputy minister of public security, Colonel Carlos Reynaldo replying at all, drawing her audience's attention to the budget num-Lopez Nuila, said the Salvadoran bers and equations. The response police were acting on information reflected a basic problem for the supplied by the U.S. Embassy on EC. It is not really certain how to proceed in the future, and not enely convinced it has swept away all the petty disputes, called grohad been warned that he was under cers' quarrels by the French, that suspicion and might be arrested for have robbed the European entity of involvement in a plot to kill Mr. popular passion and commitment.

classical grocers' disputes are still, the Common Market mustly as

NEWS ANALYSIS

leaders came up with trade-offs letting the West German government circumvent the Common Market's joint agricultural policy through special tax advantages for its farm-

Dutch and the Italians, who are coming under pressure from their own farmers, but led a West German consumer's association to say the decision "meant a flood of subsidies and more overproduction" to be financed by the taxpayers.

Since the largest single slice of the community's funds goes into farm supports, the greatest saving for creating new programs in other areas can be realized by cutting down on the agricultural subsidies But governments fear the wrath of their farmers, and the grand proposals - and the money -Europe's joint future in space and technology consequently appear

Even the solution to the British roblem — a rebate of \$1.4 billion for 1983 and 1984, then a 66-percent annual kickback on Britain's contributions from the value-added tax - may unravel when the money from a new levy runs out, perhaps as early as 1986.

A more general danger is that no one really knows how to give the community a soul. The strikingly low turnouts in the elections for the European Parliament two weeks day, which was triggered by heavy In the short run, some almost ago show that many people think of rain.

butter surpluses or fish catch quocommunity budget shortfall for the tas. President François Mitterrand In removing Britain's grievance about its budget payments, the EC did not have much political sex appeal.

pean integration are not lacking. (Continued on Page 2, Col. 2)

INSIDE

I lraq claimed it destroyed five ships in the Gulf and shot down an Iranian fighter. Page 2. ■ The main Christian militia in

Lebanon has accepted a government peace plan. Page 2. Lillian Hellman, one of the most important playwrights of the American theater, dies at

age 79. President Ferdinand E. Marcos's new cabinet includes his wife despite her setback in Phil-

ippine elections. Page 4. **BUSINESS/FINANCE**

■ Continental Group agreed to

a \$2.75-billion merger with a group largely owned by a private mining concern. Page 13.

14 Die in Landslide in Japan

KUMAMOTO, Japan death toll in a landslide in the southwestern prefecture of Kumamoto rose to 14 Sunday as rescuers continued to recover bodies, police said. Two persons are still unaccounted for after the landslide Fri-

El Salvador's Lawmakers Cut Off Land Reform

By Dan Williams

Las Angeles Times Service SAN SALVADOR - El Salvador's National Assembly has voted to cut off a program of giving land to tenant farmers, bringing to an

end the last operating element of the country's land-reform program. On Thursday, the assembly revoked Article 207 of a land-reform law that had been in effect for four years. It had been due to expire several times since 1980, but was extended every time.

Article 207 provided for the third of three planned phases of a landreform program that was begun following a 1979 coup by liberal army officers. It had been consid-

not understand the policies of the central government. They will have ment official said that the expiraconfidence once they have a full tion of the land-reform measure understanding of these policies."

According to a transcript of another meeting Mr. Deng had with no surprise. He indicated that the pressure within El Salvador for another extension was small.

"It almost seems land reform in (AP. WP) Salvador is a bigget issue with the American public and in the U.S. Congress than in that country," he said. "There appears to be no big Evictions are no longer a major

About 233,000 acres (94,300 hectares) have been distributed, according to the U.S. Embassy. More than 62,000 families had been given land, although only 10,356 legal titles have been granted, an embassy spokesman said.

Titles cannot be issued until the original owners are compensated by the government, and payment has been lagging.

Another 198,000 acres, some of it

in combat areas, were eligible for distribution, but have not been claimed by the farmers who rent them. Tenants can claim up to 17 acres that they farm,

The Christian Democratic Party of President José Napoleon Duarte fought to extend the law, but rightist politicians aligned with the Reblican Nationalist Alliance of Mr. Duarte's rival, Roberto d'Au-

buisson, quashed it. Those who opposed the law said it discourages planting and invest-ment in the countryside.

By David K. Shipler

New York Times Service

"The beneficiaries have had four office as president, said that a years to make their claims," said shortage of money and administra-Genaro Pastore, representative of a tive problems may delay the start constituency for it down there now. small party aligned with Mr. d'Au- of it for several years. buisson's party.

The vote was the third major
Members of the Popular Demolegislative setback for Mr. Duarte

cratic Union, an amalgam of peas- since he took office June 1. The ant unions that support Mr. Duarte, were upset. "To the poor farmers, it's a cruel joke," said Cristobal Aleman, a try's Supreme Court and as

member of the union's executive attorney general. board. He expressed fear that the Name Supplied in Plot action, besides ending land-reform efforts, will encourage land owners to challenge the expropriation of land already given to tenants. In the land-reform program's

first phase, which broke up big York Times reported from San Salfarms, about 539,000 acres were distributed to 31,359 families. In the second phase, landlords owning more than 1,250 acres were supposed to give up all but 375.

However, last December the legislature voted to permit the owners to keep 612 acres of their choosing, reducing dramatically the land available for distribution.

The revised second phase has yet

to be implemented, and Mr.

Duarte, in a speech before taking

onday. He refused to identify the pe son, saying only that the individual

Avital Shcharansky: A Decade of Pain, Waiting and Devotion her life almost exclusively to campaigning for her husband's release. She has traveled almost constantly

the previous administration, President Jimmy Carter. She has talked with Prime Minister Margaret Thatcher

A Soviet exile says a letter from Moscow indicates Sakharov's wife is in good health. Page 4.

None of this seems to have hardened her with cynicism. "I have no doubt that he will come," she

Indeed, Mrs. Shcharansky's moods swing with his, as well as she can perceive them through the separation of prison and censored mail.

me," she said. A third was apparently confiscated. But his mother, Ida P. Milgrom, who lives just outside Moscow, has been receiving the monthly letter that he is allowed to write. She speaks with Mrs. Shcharansky by telephone every week or so and reads his letters to

On the visits his mother is allowed every six months, he scolds her for not giving the details he craves about Mrs. Sheharansky's life, she said. This brings a glow-

when they were together in Moscow. It buoys her own

human being can win everything." "The KGB try to kill him emotionally," she contin-

ned. They try to break his soul and make him one of them. They came and said if Anatoli writes to the Supreme Soviet and says he's sick and asks for a pardon, they would release him after half his sentence. But he wouldn't do it. In an appeal for a pardon, you

Mr. Shcharansky, who was pressed by the authori-ties to brand the Jewish emigration movement as

gravity of objects, there is also a law of the universal gravity of souls, of the bond between them, and the influence of one soul on the other.

"If I already succeeded once in tearing the spider web spun by the uncontrollable forces of life... how is it now possible to take even one step backwards

toward the previous status?" Last May, writing about his mental efforts to survive interrogation, he said he was compelled to summon up "pictures from my past, and thoughts concerning history and tradition: the Hebrew language and the books that I read; all that remained in my memory from my preoccupation with mathematics and chess, even visits to the theater, and of course, the ability to laugh - not at jokes or clever plays on words, but as if I were a spectator viewing the world from the sidelines, without undue melodramatics, discovering many interesting things, both comical and

In Israel, Mrs. Shcharansky has become an observant Jew, keeping the Sabbath, keeping kosher, bind-ing her hair with a tight kerchief in the manner of

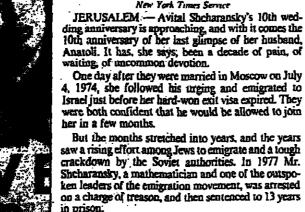
religious married women.
Three years ago she began studying Tanach, a having links with U.S. intelligence, alluded to that in a Hebrew acronym for the holy scriptures of Judaism. and painting part-time at a religious women's college near Tel Aviv. But she has not really tried to make a life for herself outside her husband's cause.

And what has this done to her? Has she changed? What will Mr. Shcharansky find different about her if

"Age," she said, and laughed. "We are in close contact. Maybe outside we are changed, but not



Avital Shcharansky after 10 years The are in close contact. Maybe outside we are changed, but not inside."



"When we married we felt like big winners," Mrs.
Shcharansky said recently. "So excited. When we were separated we were so sure we were going to meet again very soon." He is now 36 years old; she is 33. Parts of their lives have been lost. But to judge by his letters from prison and her constant travels and appeals on his behalf.

For the last decade, Mrs. Shcharansky has devoted

They were still new to adulthood in 1974, still fresh

throughout the Western world, meeting political leaders and heads of state, foreign ministers and private She has seen President Ronald Reagan and, during

of Britain, President François Mitterrand of France and, as she remarks with a smile, "three or four heads of state of Italy."

said. "Not too soon, but he will be here." She credits her husband for her optimism. "Anatoli is so optimistic in his whole life that he makes people believe he will be free," she said.

"In the last six months I got two direct letters to

ing smile to her face. Mr. Shcharansky's recent letters have been full of the romantic, witty philosophizing that his wife knew

"When I see his letters, they make me really excited," she said. "It makes me see how the spirit of a

somehow say that you're guilty, and you play the

letter a year ago, when he wrote: "In addition to Newton's law on the universal

"And it operates in this manner, such that with each word that we speak, and with each step that we take. we touch other souls and have an impact upon them. So why should I put this sin on my soul?

he is able to rejoin her?

By Alan Cowell

New York Times Service

behind a flood-lighted security Qwa Qwa, with half a million speaking people, but Qwa Qwa had fence, are the government officials, people on 200 square miles (516 accepted homeland status.

General Dealers, where those with dines, beef, panty hose and knives. Africa's winter, it is fixed between "When he has finished the job," the mountain and plain, with houses of minister, T.K. Mopeli, "he will have to move out."

The comparison drawn wryly

and with half a smile, was with the mated, could sustain about 1,000 barracklike hostels inhabited by people. When the homeland was black men without their families created in 1970, it already housed PHUTHADITJHABA, South
Africa — The white-painted manin South Africa's cities and whose

It is a place that illustrates the sions that straddle the hill, like tenure lasts as long as they are quandaries of apartheid for black

A Homeland Strives to Stand Alone

The slums that nestle below them gesturing toward a mansion said to Mohale, said that Qwa Qwa did not might also find a place there, in the have 40 rooms, "I do not think he want "independence,"

and the people below them are square kilometers) of rocky land Nearby, there is a second hill, ethnic separation. It is the homewith a fenced-off compound for land set aside for people who speak can make our own budgetary estiwhite administrators. The shanties the South Sotho language, reprecurl between the two, with the symmetry envisioned by those who deties a second hill, ethnic separation. It is the homelike to the central government, we can make our own budgetary estimates and ask for what we want."

But according to the minister of education, R.D.H. Mopele, those

The people on the first hill have sents four one-hundredths of I perbeen criticized for the grand scale cent of the area within South Afri- said, 100 industries have been set of their homes. But, in conversa-tions affected by low expectations people who speak South Sotho still jobs. The education minister said tions affected by low expectations people who speak South Sotho still jobs. The education minister said and fear of authority, some of those live in "white" South Africa, or in a 70,000 children were now in school, living in the shadows seem circumspect in their assessment of those

place called Onverwacht, a large and there were 3,000 teachers,
spect in their assessment of those

resettlement center for South Sotho

There is, Mr. Mohale said, the stirliving above.

"After all, it is only a hostel," speakers. But Qwa Qwa, with its village capital, Phuthadithaba, is nonetheless crowded.

Under a blanket of yellow-

The land alone, it has been esti-

South Africa's Qwa Qwa Shows Quandaries of Apartheid

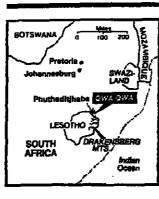
script of a movie about poverty. will want to leave the job when he would entail the loss of South Afri-The people who live on the hill, has lived in a hostel like that one." can citizenship for all South Sotho-

and the people below them are square kilometers) of rocky land "That is not to say that we like it those in whose name they exercise pressed against the walls of the or asked for it," he said, "but we the limited self-rule accorded to Drakensberg Mountains, repre- felt it would be better for us to act Qwa Qwa, South Africa's smallest sents one conclusion to the grim within the system to represent our and most overcrowded homeland. logic of apartheid, or racial and people. Now we can say what we

The land allotted to them repre- requests are not always heeded.

In the last few years, Mr. Mohale speakers. But Qwa Qwa, with its ring of democracy in the Legislative Assembly, with 40 seats nominated by tribal chiefs and 20 elected positions, all held by the cash can buy blankets, canned sar- brown smoke from the coal fires of chief minister's Dikwankwetla Par-

The party's name, Mr. Mohale salesman said of Qwa Qwa's chief brick and tin and clay tumbling said, denotes "very strong people, atop one another in higgledy-pigg- educationally, spiritually and otherwise." But there are other per-







rounds the houses of n the South African homeland of Qwa Qwa. Children, left, stand outside their families' tin shacks.

A security ience sur-

ment, we decided on the houses." people do criticize and say the gov-ernment is spending a lot of money

Like the other national states, ernment is spending a lot of money when there are other priorities. But I think it was wise to put up houses

Mr. Mohale said. "Some of the Third World have thus been trans-

Qwa Qwa is acknowledged only by South Africa, its creator and the one of the mansions, and a Mer- and other places in the Orange Free thrown out."

tional reported from Abu Dhabi.

Assad Exiles

His Brother,

The crew members killed were

cedes-Benz sedan to go with it. The State and, he asserted, are happier. symbols of elitism of much of the Such happiness, however, is relative, for it is defined by comparison

to greater miseries.
"Here it is better than when I was on the farm," said David Le-bona, 24. "It is better because I can like that because, even after 100 moving force on which it is totally build my house and stay on it until years, they will still be suitable."

Each of the eight ministers has Mohale said, came here from farms does not need me anymore, I can be

Iraq Claims It Destroyed Lebanon Plan 5 Ships, Iran Jet in Gulf Accepted by

BAGHDAD — Iraqi jets de- al F-14's left and to be running low stroyed five ships headed for an on spare parts. Iranian Gulf port on Sunday, a Fire Under Control

military spokesman said here.

Details of the reported attack on day most of the fire burning on the Wednesday a a convoy heading toward Bandar Khomeini and confirmation of the damage to the ships were not im-

mediately available. The Iranians scrambled aircraft to meet the attack and the Iraqis shot down an Iranian F-14 fighter, according to the military spokes-

The Iraqi announcement, which broke into regular radio programming, added that two more ships, trying to flee the attack, ran into a mine field and were damaged.

The attack would be the second Iraqi strike against shipping in the Gulf near the Iranian oil terminal of Kharg Island, in a week. On Wednesday, Iraqi jets struck at the Swiss-operated, 26,000-ton

tanker Tiburon, apparently hitting the engine room. Eight crewnen were killed.

Salvage tugs are trying to tow the ship, flying the Liberian flag, to Bahrain.

Iraq has declared an "exclusion zone" around Kharg Island in the latest step of the 45-month-old Gulf war.

Gulf since the beginning of hostil-ities and now maintained what he mander of the 3d Armored Divisaid was full control over the area. Sion, the newspaper said. There was
The brief radio announcement no independent confirmation of

said that the attack had occurred the report. near the Kohr Musa channel.

ni this morning and attacked," it commanders were squabbling and said. "Five targets were hit effec- President Assad had to intervene. tively and destroyed."

nines, the announcement said. Although there was no further that they may have been cargo ves-

If the report of the downing of the Iranian F-14 proves correct, it will be a blow to Ayatollah Rubollah Khomeini's forces, which are Geneva, while Generals Haydar and Fayyadh cool their heels in

sels bringing goods to Bandar Kho-

Arms Talks Plan Opposed

During a televised discussion Saturday night, a senior Central Committee official, Vadim V. Zag-ladin, was asked whether Mr. Realadin, was asked whether Mr. Kea-gan's space weapons program, if implemented fully, would tilt the implemented fully, would tilt the categorically against expanding the arms race to outer space," he add-

(Continued from Page 1) ply," Mr. Zagladin said. "The Sovi-ply to the Soviet government's et Union and its allies will not pernot on any plane, not in any of its segments or its aspects. Measures will be taken to neutralize such violations."

Nixon Asks U.S., Soviet Cooperation On Anti-Missile Weapons Research

Mr. Nixon expressed skepticism about the effectiveness of defensive missile systems. The "star wars" weapons, which would employ laser or other high-energy beams to attack incoming missiles, would be overwhelmed by the vastly greater numbers of offensive missiles that can be deployed by either the United States or the Soviet Union.

President Ronald Reagan's plans to develop such weapons. He likened Mr. Reagan's plans to President Harry S. Truman's decision to build the hydrogen bomb, and said the United States would have to develop such weapons in the absence of a cooperative agreement with the Soviet Union.

Such weapons would be effective, at best, against third powers that possess limited nuclear arsenals than the superpowers. Mr. Nixon

Christians

BEIRUT — Lebanon's main Christian militia joined the coun-try's two major Moslem militias on spokesman for the Dutch salvaging takeover of Beirut, which is expectcompany Smit International said in ed later this week. Rotterdam, United Press Interna-

signed to end 10 months of sectarian fighting and five months of battles within the capital, are due to be abmitted for government approval Wednesday and possibly imple-

day and sporadic clashes with mortar, tank and grenade fire were reported on some sectors of the

Green Line dividing Beirut. Earlier Sunday, a spokesman for the Shiite militia chief and cabinet minister, Nabih Berri, said he had prepare to remove their big guns from the city once the army units

have taken over. Mr. Berri's militia and the mainly Druze Progressive Socialist Party of Walid Jumblat, another cabinet minister, jointly control West Bei-

On Saturday, the Druze militia weapons from the capital to their mountain strongholds above Bei-Acceptance of the peace plan by the Christian Lebanese Forces mi-

litia came in a statement by its commander, Fadi Frem. "We will accept the deployment of the army in East Beirnt on condition that a similar and simulta-

neous deployment takes place in West Beirut," he told the Central News Agency.
It was Mr. Frem's first public

comment on the plan since he returned from a visit to the United States on June 25. The national unity cabinet of Moslem and Christian leaders ap-

proved a wide-ranging peace package on June 23. Mr. Frem's force is the armed wing of the Lebanese Front coalition headed by the Christian party leaders, Pierre Gemayel and Ca-

mille Chamoun. Both are cabinet ministers and have committed Christian forces to the peace plan. Mr. Frem's silence had caused

oncern that his militia might defy the traditional Christian leaders and refuse to lower its defenses around East Beirut.

Arnal and the Progressive Socialist Party have fought on the Green Line against the Lebanese Forces militia controlling Christian East Beitut since February.

would start taking over militis po-sitions at the end of the week.

■ Israel Still Holds Passengers Israel is still holding nine passengers detained after its gunboats intercepted a Beirut-bound ferry in the Mediterranean on Friday and ordered it into the northern Israeli port of Haifa, Reuters reported

from Tel Aviv.

A Foreign Ministry official said
Sunday that the nine—eight Lebanese and a Syrian — would probably be released soon. Asked about the purpose of their

Space Administration said the engine change would begin Monday interrogation, he referred to a For-and that announcement of a new eign Ministry statement on Saturlaunch date would be made later day that said the ferry was intercepted as part of Israel's war on

The Assecuted Press

(ers) away, an observer said.

WORLD BRIEFS

Police Battle Anti-U.S. Protesters

NOTTINGHAM, England (Reuters) - Hundreds of anti-nuclear demonstrators broke into a British Army depot Sunday to protest U.S. use of part of the base, the Defense Ministry said. Fen people were

arrested and 80 detained, the ministry said.

Part of the base has been leased to the U.S. Army as a transport depor-Protesters say parts for cruise missiles will be stored there, an assertion denied by both Britain and the United States.

[In Giessen, West Germany, police fought Saturday with anti-U.S. protesters who threw themselves in front of tanks, disrupting a U.S. Army parade to celebrate the U.S. independence day, July 4. Four policemen were hurt and one protester was arrested, according to United Press

25 Leave Bonn Mission in East Berlin

BERLIN (AP) — Twenty-live East Germans have left the West German mission in East Berlin after receiving assurances from the Communist authorities that their applications for emigration would be processed and that they would not be punished, the Bonn government announced. But informed sources said Sunday that 30 more remained in

The group of 25 left Friday. The remaining 30 said they wanted guarantees from the East German authorities that they would be allowed to go to West Germany, but the sources said there was no immediate prospect for resolving the standoff.

Heinrich Windelen, the West German minister of inter-German relations, was quoted in a newspaper in

Ruiz Mateos Seeks Political Asylum

FRANKFURT (Reuters) — José Maria Rinz Mateos, a Spanish financier who is facing fraud charges in Spain, is seeking political asylum in West Germany, his lawyer said Sunday.

Mr. Ruiz Mateos, former head of the Rumasa business empire that was taken over by the Spanish government in February 1983 to prevent its collapse, was arrested at the Frankfurt airport in April. He has been in custody since then, pending decision on an extradition request by Spain. His lawyer, Norbert Wagener, said that Mr. Ruiz Mateos was seeking asylum on the ground that the proceedings against him in Spain were politically motivated. Bonn has an extradition treaty with Madrid.

U.S. Studies UNESCO Reform Effort

ABIDJAN, Ivory Coast (NYT) — A Reagan administration official said that the U.S. decision to withdraw from UNESCO had led to the first "serious effort toward reform" of the organization.

Gregory J. Newell, assistant secretary of state for international organizations, said Saturday that if changes within the agency were made to the Reagan administration's satisfaction, "we will return to UNESCO." His statement suggested a more optimistic position than has been voiced in the past on U.S. participation.
U.S. withdrawal from the United Nations Educational, Scientific and

Cultural Organization is scheduled for the end of the year. The Reagan administration said it was leaving because of what it termed UNESCO's politicization and inefficiency. The agency receives 25 percent of its \$374.5-million budget from the United States.

Berlin Philharmonic Threatens Strike

BERLIN (AP) — A longstanding dispute between the musicians of the Berlin Philharmonic and its its conductor, Herbert von Karajan, worsened Sunday when the orchestra threatened to cancel an August concert in Salzburg unless the maestro explained his stand in a dispute over hiring new orchestra members.

Relations between the 116-member orchestra and its conductor have been stormy for 18 months, dating from the day a clarinetist was hired without the musicians' approval. Traditionally, the orchestra has been allowed to vote on new members.

The orchestra began its summer recess Sunday and the next performance under Mr. Karajan was scheduled for Aug. 24 at the annual summer music festival in Salzburg.

Earthquakes Strike Suburb of Naples POZZUOLI, Italy (AP) - Two strong earthquakes struck this Nuples

suburb Sunday, causing the partial collapse of a three-story building and damaging scores of other structures, government officials said.

There were no immediate reports of injuries, according to civil defense workers. They said they thought the partially collapsed building was

Pozzuoli has been afflicted for more than a year by continuing earth tremors, which have caused the temporary evacuation of some areas.

2 Nations Assail Japanese Textbooks

TOKYO (Reuters) — China and South Korea complained Sunday that revisions of Japanese school textbooks that they said earlier had glossed over Japanese atrocities in World War II were not enough. Japan briefed Kyodo News Service said.

Japan agreed to revise the books after protests from the Beijing and Seoul governments in 1982. China complained, among other things, that the Japanese Education Ministry would not permit any reference to Japanese forces conducting an "invasion" of China in 1937 and used the word "advance" instead. But the official Xinhua news agency said

Sunday that "advance" was still being used. In Seoul, the Yonhap News Agency quoted a Foreign Ministry official as saying that eight changes had been made but said South Korea wanted

U.K. Miners Accused of Intimidation

LONDON (Reuters) - The British government accused striking coal miners Sunday of intimidating colleagues wanting to work and pledged to bring those responsible to justice. "Thuggery of this kind has nothing to do with legitimate industrial action." Home Secretary Leon Brittan told Conservative Party support-

ers in Yorkshire, in northern England. "It is crime." He said that the police had made 94 arrests for intimidation. The American chairman of the National Coal Board, Ian MacGregor.

said in a radio interview that he thought the intimidation was orchestrated, partly by the National Union of Mineworkers. But the miners' leader, Arthur Scargill, speaking on the same program, dismissed the assertion as nonsense, and said the government was using police to intimidate striking miners. The strike, over the closure of pits and the loss of thousands of iobs, enters its 17th week Monday.

U.S. Jails Former Mexico City Official MEXICO CITY (UPI) - The former Mexico City police chief, Arturo

Durazo Moreno, has been arrested in Puerto Rico by the Federal Bureau of Investigation and will be extradited to Mexico, where he is wanted on

tax evasion and other charges, a U.S. spokesman said.

Mr. Durazo, 61, police chief from 1976 to 1982 under former President
José López Portillo, is sought for tax evasion and illegal possession of
weapons, but also has been linked to widespread government corruption,
assassinations and drug trafficking. During his six-year term as possession of
the Durage built remark linearing the president former. Beirut since February.

Beirut Radio said Smday that all details had been made final and accepted by the rival groups. Two reintegrated army brigades of Christian and Moslem troops would start taking over militis and sessions and drug trafficking. During his six-year term as police theif, Mr. Durazo built several luxurious homes in Mexico and Canada. Mr. Durazo, who left Mexico at the end of the Lopez Portillo administration, was arrested Friday by FBI agents and U.S. marshals as he attempted to clear customs at the San Juan, Puerto Rico, airport, where had arrived on a private plane from São Paulo.

For the Record

A Latvian Jewish dissident was sentenced to three years in prison by a Riga court for spreading lies about the Soviet Union, according to Tass.
The dispanch called him inhuman for wanting to to emigrate. (Reuters) China's Communist Party marked its 63d anniversary Sunday by stressing political unity and calling on members to disavow its ultralefust past (Reuters) More than 300,000 North Koreans turned out Sunday to welcome

President Kim II Sung, 72, back from a one-and-one-half-month tour of the Soviet Union and seven East European nations, a Pyongyang broadcast reported. He made the journey by train. (AP)

The Sri Lankan president, Junius R. Jayewardene, and Prime Minister

Indira Gandhi met for more than two hours Sunday at India's presidential palace in New Delhi to exchange views on the island nation's ethnic problems. (UPI)

Two North Africans and an Iranian have been jailed in Lille, France, on suspicion of spying for Iran, court sources said Sunday. The three, all Shitte Moslems, were expelled from Britain after being arrested May 3.

A trade union leader, Len Murray, 61, collapsed and was hospitalized Sunday in Tolpuddle, England, after leading a march honoring the Tolpuddle Martyrs 150 years after their failed attempt to form a labor

A U.S. court of appeals in Washington refused this weekend to grant a stay that would prevent the government-sanctioned killing of 22,000 fur seals scheduled to begin in Alaska's Pribilof Islands Monday. Animal welfare groups say the hunt would violate three laws that protect marine mammals. (AP)

WEST GERMAN PRESIDENT — Richard von Weizsäcker, 64, former mayor of West Berlin, took the oath of office Sunday in Bonn as West Germany's new president. With him at the ceremony before a joint session of the West German Parliament were Franz Josef Strauss, right, Bundesrat president; Rainer Barzel, third from right, Bundestag president, and Helmut Schellknecht, third from right, Bundestag director.

Arafat Asserts Rift in PLO Is Healed

reckoned with. In a message to Palestinians

Saturday that the PLO has survived all attempts to undermine it since the Israeli invasion of Lebanon two years ago.

Mr. Arafat spoke in Tunis, where he has maintained headquarters since he and 11,000 PLO guerrillas were forced to leave Beirut when it was encircled by Israeli forces. His message was carried by WAFA, the Palestinian news agency. He said that talks between rival

positive results. His own faction, el-Fatah, and four other Palestinian groups issued a joint communique Friday stating that they had reached agreement on closing guerrilla ranks and ensuring the unity of the 20-year-old organization. The communique followed a

PLO factions last week achieved

Yemen. Two other rounds were. held in Aden in March and May. The four groups involved in the negotiations with Fatah - all members of the so-called Democratic Alliance - were the Popular Front for the Liberation of Palestine, the Democratic Front for the Liberation of Palestine, the Palestine Liberation Front and the Mos-

cow-oriented Palestine Communist

third round of talks in Aden. South

nity's inability to act in concert shows up in the organization's most Another grouping, calling itself basic form, the customs union. Its leaders acknowledge that decades after its creation, the EC has never the National Salvation Alliance, in-cludes rebels inside Fatah and three Syrian-backed organizations based in Damascus. The National ket of 300 million consumers, free Salvation Alliance refused to take of bureaucracy and conflicting regpart in the Aden talks, insisting on ulations. Mr. Arafat's resignation as PLO rand held up a sample European passport as a symbol of the "Citi-

Before the presentation of the Autumn Collection

SALES of the Spring Collection Models

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New York Times Service

Mr. Arafat, still retaining the tiBEIRUT — Yasser Arafat, the tle of commander of PLO forces, plans for a settlement of the Arabchairman of the Palestine Libera- has no control at present over Israeli conflict. tion, says the guerril- about 10,000 guerrillas entrenched in rebel ranks.

The Aden communique said that

(Continued from Page 1)

but they run into Europe's relative-

confidence, and the sometimes pe-

tionals. But the fact is that when

their interior ministers, and a small

number of selected allies, talk in

secret session about terrorism.

Greece, among other community

countries, is not necessarily includ-

Besides deen currents of doubt

about the desirability of European

political union in countries like

Britain and Denmark, the commu-

really become a vast domestic mar-

At Fontainebleau, Mr. Mitter-

French beer is still exported with difficulty into West Germany be-

cause of so-called beer "purity" laws there. The sight of a French president showing off a European passport was not without irony, ei-

ther, since France has been contin-

uously accused by its partners of subordinating joint interests to its

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Europe" of the future, but

la movement has overcome its divi- in eastern and norther Lebanon, was released by WAFA, emphasions and is again a force to be However divisions have developed sized that the PLO is the sole

contents of the accord were not ian people.

Mr. Arafat's opponents rejected

marking the end of the holy month agreement was reached on political imperialist and Zionist designs to of Ramadan, Mr. Arafat declared and organizational matters, but the liquidate the rights of the Palestin-

clear-cut commitment from his fol- association with Jordan.

spokesman for the Palestinians and declared hostility to what it called

A challenge to Mr. Arafat's au-thority has been the bid by the dent Ronald Reagan for working Democratic Alliance to secure a toward a Palestinian federation in

The Aden declaration, which

New Problems For the EC Now there is relief that the bud-

> get dispute seems past, and new hope that a debilitating period has been overcome. But the community's old habits may be hard to break. Gaston Thorn, the president of the group's Executive Commission, said no one should underesti-

ly weakened economic condition, some historical realities, imbal-ances in development and mutual destrian quality of the programs mate the difficulties after five years France and West Germany have of "a poisoned time." already agreed to eliminate border-crossing formalities for their na-

statement is totally unsatisfac- mit any violation of the balance.

Las Angeles Times Service LOS ANGELES - Former President Richard M. Nixon has urged the United States and the Soviet Union to share research on the socalled "star wars" anti-missile systems because the development of such weapons could fuel fears that they might be used as a shield for a

He would not join another former president, Jimmy Carter, and his own former arms control adviser, Gerard C. Smith, in condemning

reported to have only five function-

Sunday in accepting a cabinet peace plan for a Lebanese Army Final details of the plan, de-

said to be seven Spaniards and a mented the same day. Despite the gathering peace mo-mentum, shelling of residential dis-tricts by both sides continued Sun-

Paper Reports LONDON - President Halez ordered men of his Amal militia to al-Assad of Syria has started a purge to reinforce his authority by sending his brother and other top

army officers into temporary or permanent exile abroad, London's Sunday Observer has reported. Those sent out of the country include the second vice president, Rifagi al-Assad, commander of the The Iraqi naval commander, Defense Brigades, a reinforced di-Commodore Abed Mohammed vision of 25,000 soliders who have Abdullah, said in an interview in traditionally guarded the city, and the official press that Iraqi forces Mr. Rifaat's rivals, General Ali had struck about 170 targets in the Haydar, head of the Special Forces.

The Observer said the units in-"Our forces spotted a convoy of volved came close to dragging Syria ships heading for Bandar Khomei- into civil war this year when their

The Observer said the rivals and Black smoke was rising over the 60 other officers and officials were other two ships that had run into sent to Moscow on May 28, ostensibly for talks with Soviet leaders. "It is now clear the trip was a description of the ships, the desti-nation and the formation suggested against the troublemakers," the that they may have been cargo ves- Observer said. It said that officials

> al-Sharaa returned home after the talks but that the principal army commanders did not. "Rifast and his supporters are in

such as Foreign Minister Farouk

Sofia, Bulgaria," the newspaper The weekly said President Assad has also instituted military transfers and postings to strip some army chiefs of their supporters and

The paper said "a parallel reshuffle in the administration and higher ranks" of the ruling Ba'ath Party was expected to follow.

New Engine Set For Troubled Space Shuttle

CAPE CANAVERAL Florida - Technicians have failed to pinpoint the cause of an abrupt engine shutdown aboard the space shuttle Discovery and the space agency has decided to replace an entire engine, delaying the flight until at least mid-July.
The National Aeronauties and

gine change would begin Monday A NASA official said the agency terrorism. had not yet determined how the postponement would affect subse-

ently did not open properly.

and in 1985.

حبكنا من الاعل

Lava Spews From Kilanea quent shuttle missions this year

The \$1.2-billion Discovery failed VOLCANO, Hawaii - Kilanea to get away on its planned seven-Volcano erupted Saturday in 1.500foot (470-meter) lava fountains visday mission Tuesday when a fuel valve in one of its engines apparthle in Hilo 65 miles (100 kilomear Suggresie La

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AMERICAN TOPICS

Now, Dial-a-Soap For Missed Episodes

For those who miss an episode of their favorite TV melodrama, now there is Dial-a-Soap — daily tape-recorded summaries of soap operas.

A professional team of soap opera watchers keeps track of each breathless episode and files 30- to 90-second briefs that - liberally laced with ads are narrated in the exclamationpointed voice of a female "Voice of Dial-a-Soap." The service, which so far has not spread out of the Washington area, draws 3,000 to 3,600 calls,

according to the organizers.

Advertisers pay \$300 a week to have their messages sand-wiched between the summaries.

Mailboxes Abuzz With Busy Signals

For years, Ma Bell's competitors in the long distance market labored under a major disadvantage: to use their service, a customer first had to dial an array of digits that ranged in length from Social Security numbers to automobile serial numbers. Soon, Charleston, West Virginia, will be relieved of this, but other problems have cropped up, like complaints about the volume of junk mail

advertising the various services.
On July 15, Charleston customers will become the first to simply dial "1" and connect with either American Tele-phone & Telegraph or compet-ing long-distance companies. another step under the courtordered phone system breakup. Customers select which com-

pany will become their longdistance carrier, and the race is on. AT&T is building on what it hopes to be loyalty to Ma Bell, while rivals such as MCI and GTE Sprint are offering cheaper calls and blocks of free time.

Notes on People

As an author, academician and envoy, 77-year-old Edwin
O. Reischauer has several firsts
to his credit, including the fact that he was the first American ambassador to Japan who actuaily spoke Japanese. He long advocated a greater under-standing of Japan and its cul-ture as well as an American policy toward Asia that draws on the results of scholarly research. Now his name is about to grace a major new Far East studies center. The Johns Hopkins International Studies in Washington is planning a \$5-million endowment for the Reischauer Center, where a new generation of Americans will learn the history, language, economics, politics and foreign policies of Japan, China and Southeast.

Rosemary Clapham of Austin, Texas, has the kind of bobby that allows her to be rolling in dough and surrounded by men. The men are of the ginger-bread-shaped variety, and Mrs.

Clapham is president of the National Cookie-Cutter Collectors Club, a 600-member organizanon. Mrs. Clapham's collection of 3,000 cookie curters includes those in the shape of states, animais, cars, trucks, stars, cartoon characters, letters and numbers. The oldest models are worth up to \$50, although some rare Pennsylvania Dutch cutters can fetch \$200.

·**D** · "I think it's a mistake to tell . people they have to have good news and we're willing to give it to them," said Howard A. Si-mons, 55, The Washington Post's managing editor who is to become the new curator of Harvard University's Nieman Foundation this fall. He describes himself as a First Amendment zeelot who feels newspaper readers prefer hard news to fluff. Mr. Simons said he hopes to impress his views on the dozen or so mid-career jour-



Howard A. Simons

nalists who are accepted for a year of unrestricted study. "I think the public wants us to do more, not less; wants more news, not less; wants us to investigate government more, not less; wants us to pursue dishonest people more, not less," he added.

The managing director of the National Anti-Vivisection Society, George Trapp, sees it as a logical outgrowth of the struggle for human rights, but what-ever the reason, the centuries-old battle to protect animals is experiencing a radical new di-rection. In hit-and-run raids, groups with names such as the Animal Liberation Front, the Band of Mercy and the Urban Gorillas have "liberated" research animals and broken into aboratories, to steal records Others pursue legal means to press for changes in laws and regulations. After intruders broke into a University of Pennsylvania laboratory in late May, the clash of ideas was defined by Barry Cooperman, the university's vice provost for re-search, who said: "The first question is whether it is ethical to experiment on animals for the benefit of humans. As scientists, we say that it is, Our opponents say it is not. With them, there is simply no middle

By Bill Peterson

MIAMI BEACH — Three of Walter F. Mondale's key women

supporters endorsed Representa-

tive Geraldine A. Ferraro, Demo-

crat of New York, for his vice presi-

Representative Barbara A. Mi-

kulski of Maryland told the highly charged convention Saturday that

Mrs. Ferraro for the vice presiden-

Mr. Mondale, the apparent

Democratic presidential nominee,

did not mention Mrs. Ferraro or

cause they're among the best."

call her vice president."

woman."

Walter F. Mondale listened at the National Organization for Women convention in Miami Beach as the group's nelly, far left; Mary Rose Oakar, second from right, and president, Judy Goldsmith, at microphone, urged a woman as his running mate in November. Three of Mr. Mondale's resentative Geraldine A. Ferraro for the Democratic ticket.

3 Key Mondale Backers Urge Choice of Ferraro

dorsed by the organization, stopped short of committing himself to picking a woman running mate, to the disappointment of many in the crowd.

dential running mate as hundreds of women greeted Mr. Mondale at the National Organization for Women convention chanting: But Mr. Mondale's appearance and the vice presidential interviews he has scheduled with Mrs. Ferraro Run with a woman. Win with a on Monday and Governor Martha Layne Collins of Kentucky on Friday, as well as one last week with she, Representative Barbara B. Mayor Dianne Feinstein of San Kennelly of Connecticut and Representative Mary Rose Oakar of Ohio had decided to unite behind Francisco, have raised expecta-

On Saturday, Mrs. Ferraro sounded very much as if she would "Don't call her baby, call her congresswoman," Miss Mikulski said, adding: "Don't all her baby, like to be that candidate. She praised Mr. Mondale as "a perfect male candidate" and said of women: "Our place is in the vice presiof or me."

"We're going there to get a womThe movement to secure the an on the ticket," she said to a ity for me."

any other vice presidential possibil-ity in his speech. He said he was "considering a number of women, has dominated the organization's not because they're women, but beannual conference, and emotions ran high by the time Mr. Mondale arrived. Many of the 1,200 dele-"And if I choose a woman," he said, "it will be because she is the best."

"Considering a woman is a first," Mr. Mondale said, "but it will not be a last. We have broken said."

"It will be because she is the gates waved placands proclaiming.

"Fritz and a Ms.," "Woman Veep NOW," "New Yorkers for Ferrator" and "Win With a Woman in will not be a last. We have broken "84."

the barrier. Never again will a nominee make headlines by considering a woman; next time headlines will be made only if women are not considered."

Mr. Mondale's interview with with Representatives Mikhuski, Cardinal Sovernor Collins will be the severable with Representatives Mikhuski, Cardinal Sovernor Collins will be the severable with Representatives Mikhuski, Cardinal Sovernor Collins will be the severable with Representatives Mikhuski, Cardinal Sovernor Collins will be the severable with Representatives Mikhuski, Cardinal Sovernor Collins will be the severable with Representatives Mikhuski, Cardinal Sovernor Collins will be the severable with Representatives Mikhuski, Cardinal Sovernor Collins will be the severable with Representatives Mikhuski, Cardinal Sovernor Collins will be the severable with the hash had with vice president in considered."

Mr. Mondale has scheduled a meeting Wednesday with women Mikulski, who had been mentioned officeholders and feminist leaders.

The president of the National "For some, it meant taking our own organization for Women, Judy buttons off." Goldsmith, and a host of Democratic officeholders and candidates made it clear Saturday that they intend to keep the pressure on Mr.

oped a momentum of historic proportions, a groundswell of determination.

With 250,000 members, NOW is the largest U.S. feminist group. Ms. Goldsmith said 400 delegates to the Democratic National Convention, dency and the presidency. . . . I which starts July 16 in San Francis-thank NOW for making dreams co, are members of the organiza-that once seemed impossible a real-

Democrats' No. 2 spot for a woman standing ovation. She said her analysis of polling data led her to believe that a woman would help the Democratic ticket.

After Mr. Mondale spoke, he ticket and Mrs. Ferraro was singled met privately for about 20 minutes out by 360.

"It was tough to do it," said Miss

■ 2 Polls Back Woman

The overwhelming majority of state Democratic leaders believe se-Mondale.

In a keynote speech, Ms. Goldsmith said the movement for a woman on the ticket "has a development of the control of

vention. The Associated Press found wide support for a woman candidate, with Mrs. Ferraro mentioned far more than any other.
Interviews conducted by UPI last week with 85 of the nation's

102 party chairmen and vice chairmen found that 57 percent felt a woman would help a Democratic national ticket, while only 10 percent said such a move would hurt the party's chances.

Nearly 3,000 of the 3,933 dele-"We aren't saying. 'If there isn't a woman, we won't play,'" she added. "We're saying, 'If there isn't a woman, we don't win.'" said they wanted a woman on the

Survey Shows Reagan Surging to a 19-Point **Lead Over Mondale**

By David S. Broder Washington Post Service

WASHINGTON - President Ronald Reagan has surged to a 19-point lead over Walter F. Mondale, the prospective Democratic presidential nominee, according to the latest Gallup Poll.

The survey of 908 registered vot-

ers gave Mr. Reagan 56 percent and Mr. Mondale 37 percent, with 7 percent undecided or supporting other candidates. The theoretical sampling error is plus or minus four points. The poll, taken June 22-25, was released Saturday.

Mr. Reagan led Senator Garv Hart of Colorado in a separate poll by 12 percentage points, 53 percent to 41 percent, with 6 percent unde-

Mr. Reagan's lead is the largest an incumbent president has en-joyed at this stage of the race since 1964, the year of President Lyndon B. Johnson's landslide victory over nator Barry Goldwater of Arizo-

The breakdown of the latest poll showed Mr. Reagan ahead of Mr. Mondale among men and women, in all age categories and in all re-gions. Mr. Mondale led in only three Gallup categories: among self-identified Democrats, blacks and people with less than high

year's first Gallup Poll showed Mr. Mondale trailing Mr. Reagan by one percentage point, and as re-cently as early May his deficit was

only four points.

The Gallup Poll is consistent with the Reagan campaign's claim that its national poll, taken after the final round of Democratic pri-maries on June 5, had Mr. Reagan 16 points in front.

James Lake, a spokesman for the Reagan campaign committee, said he believed that the wider margin in the Gallup Poll resulted from "two months of very positive news for the president, both on his for-eign trips and in the domestic econ-omy... along with the fact there's just no great enthusiasm among Democrats for Mondale. Now that the realization has set in that he's their nominee, we're picking up support from Democrats who see

no hope in his leadership."
James A. Johnson, Mr. Mondale's campaign chairman, said he found the poll results "totally implausible" and said they were at odds with other data he had seen.
"The polls will move up and
down," Mr. Johnson said, "but
we're confident Mondale will run a

Kathy Bushkin, Mr. Hart's press secretary, said the poll provided ammunition for Mr. Hart's continuing effort to convince Demo-Mr. Mondale's showing was his cratic delegates that he would be a weakest this year. In January, the stronger candidate.

Soviet Dancer Defects In a separate survey of delegates to the Democratic National Con-

TOKYO - A Soviet dancer,

saying he wants more artistic freedom, slipped away from his visiting Moscow ballet troupe and request-ed political asylum in the United States, officials said. The dancer, identified as Yuri

Aleshin, 25, of the Moscow Philharmonic Classical Ballet, defected Friday morning by slipping into the U.S. Consulate in Sapporo, 500 miles (800 kilometers) north of Tokyo, officials said.

Thirty members of the Soviet ballet troupe left for home Sunday without Mr. Aleshin, Members of the company declined to comment on Mr. Aleshin as they boarded an Aerflot flight at Tokyo Interna-tional Airport, The Associated Press reported, quoting the Kyodo News Service.

U.S. officials said Saturday that Mr. Aleshin asked for political asvhim and was turned over to the WASHINGTON - The Senate Japanese authorities, who transand House of Representatives have ferred him to Tokyo and put him in "protective custody."

The U.S. Embassy refused to say conventions by \$1 million each, re- if it was considering Mr. Aleshin's request for asylum, maintaining that the dancer's case was "now a matter between Japan and the Soviet Union."

However, Japanese officials said Mr. Aleshin, who is not well known in Soviet ballet circles, met with U.S. Embassy officials in Tokyo on Saturday and that his asylum request was "under consideration."

Mr. Aleshin also met separately with a Soviet Embassy official but reiterated his intention to defect, saying there is "no artistic freedom in the Soviet Union," a Japanese Foreign Ministry spokesman said.

The Soviet Embassy refused to comment on Mr. Aleshin's defection, which came as the Moscow ballet troupe was concluding a 10day tour of Japan. The rest of the group returned to Tokyo from Sapporo on Saturday before and departed Sunday for Moscow.

Many Soviet dancers have de-Nureyev eluded Soviet security po-lice and defected in Paris. Mikhail Baryshnikov sought asylum in the United States in 1974 at age 24 and has since become one of the leading ballet stars in the world. Natalia Makarova defected in London in 1970 and Alexander Godunov in New York in 1979.



Judge Suggests Letting Addicts Kill Themselves

By Al Kamen

Washington Past Service WASHINGTON — A U.S. disunct court judge, inustrated over long-standing problems in dealing with drug addiction, has suggested that one answer to drug abuse would be to legalize heroin for addicts and "just let [them] kill them-Judge William B. Bryant made

the suggestion during a sentencing hearing June 19 for a Washington woman who pleaded guilty to ob-taining the narcotic drug Percocet by using a forged prescription.

Mr. Bryani, who has served about 20 years on the bench, declined to send the woman to jail. He said she had been before courts in the past and "all to no avail."

The only answer is that she be able to get whatever she's addicted to - that's the answer - without resorting to crime," he said, according to a court transcript. "It's like these heroin addicts in the street. If they could get their beroin without stealing and robbing some-body, that would be the answer."

You climinate organized crime, you eliminate corruption, and you just let somebody kill themselves, like you let these whiskey drinkers drink themselves to death, these smokers smoke themselves to death. I don't see the difference.

"Take the profit out of it, and you don't have all this other business: crowded court dockets, congested prisons, merchants who can't have their goods on display, and people who can't leave their homes over a couple of hours before they get robbed, and can't go out at night before they get their pocketbook snatched — all for the sake of trying to keep somebody who's addicted from getting what he's addicted to. I don't understand that. I don't know anybody cise

she's hurting."
Mr. Bryant ordered the 29-yearold woman placed on probation with the condition that she continue in a program for addicts that requires participants to be drug-

Mr. Reagan Joins Fight Nancy Reagan shared her huse

band's microphone Saturday during his weekly radio broadcast to speak out against drugs and alco-hol. The Associated Press reported

from Washington.
"Cocaine, PCP, marijuana, alcohol, speed - these are the enemies of our children. They're cunning and treacherous and oh, so very patient," Mrs. Reagan said. She said drugs and alcohol "are everywhere available and everywhere

She said most parents "just didn't believe it could happen to their kids ... The wall of denial." But she said people are "finally becoming aware of the terrible problem of drugs. Three years ago, there were only 1,000 volunteer parents' groups organized to fight drug abuse. Today, there are more than 4,000 and the number keeps Browing."



Jackson Vows to Continue Fight For Policy Changes at Convention although he won 19 percent of the

By E.R. Shipp

New York Times Service CHICAGO - At what was billed as his homecoming to the civil rights organization he founded nearly 13 years ago, the Rev. Jesse L. Jackson has vowed once again to fight for his positions at the Demo-cratic National Convention this month

The presidential aspirant, who has alternated on whether he would take a combative or conciliatory stance on the party's platform and roles, told of his current intentions Saturday in a speech at the headquarters of Operation PUSH. Mr. Jackson has taken a leave of absence from the organization while seeking his party's presidential

"The issue of fairness has not been resolved," he said, saying he would ignore rules that restricted rules that gave him fewer than 10 the introduction of issues from the percent of the national delegates,

convention floor. Mr. Jackson cid not say how he would accomplish

Proposals that were considered by the party's platform committee had to receive at least 25 percent of the vote to qualify as a minority report for debate on the convention floor. A Jackson proposal on the climination of runoff primaries, strongly fought for by his support-ers on the committee, did not get the necessary votes.

Mr. Jackson also announced that he planned to visit South Africa and the Soviet Union "before November" to carry out a peace initiative he began on his recent Central America tour.

More than 2,000 people, mostly blacks, jammed into the South Side

headquarters of Operation PUSH Mr. Jackson is critical of party

votes cast in binding primaries. This issue heads the 10-point agenda he repeated in his hourlong address Saturday morning. "Don't you want party unity, Jesse?" he asked rhetorically. "Yes,

but not at all expense. Unity without justice is like sewing up a 226-169, while the Senate approved wound with the knife on the in-

of his delegates and campaign sup-porters Friday night, he said: "We've earned the right to raise the issue without anybody's permission. We're not going to cut a deal to raise an issue. The convention has the right to vote it down, but I declare we will be heard."

Other issues on his agenda included commitments to peace, affirmative action, enforcement of jobs, and the elimination of racial separation in South Africa.

Congress in U.S. Increases Funds For Conventions

voted to increase federal funding for the Democratic and Republican jecting concern that the measure represented an "unfair subsidy." In the House the vote Friday was

the measure on a voice vote. Both houses then recessed until after the In an address before about 200 Democratic National Convention next month Reagan, federal funding for the conventions would total \$8 million.

The money comes from the Presidential Election Campaign Fund,

which is collected through volun-

tary \$1 tax contributions on individual income tax returns. "There is ample money in the the Voting Rights Act, creation of kitty," said Representative Sala Burton, Democrat of California, who represents San Francisco.



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Lillian Hellman, 79, **American Playwright** And Author, Is Dead

New York Times Service would live of NEW YORK — Lillian Hell- death in 1960. man, one of the most important playwrights of the American theater, died Friday of cardiac arrest women falsely accused of lesbian-at Martha's Vineyard Hospital ism, opened in 1934 and was an

that have entered the modern rep- from its first run. ertory are "The Children's Hour" and "The Little Foxes." She was returned to the United States to also a successful motion-picture campaign for aid to the Loyalists in scenarist. The three volumes of her memoirs were both critical and

Yet the Hellman line that is probably most quoted came from a letter she wrote in 1952 to the nowdefunct House Committee on Un- which Miss Hellman also wrote. American Activities when it was She bought an estate in West-investigating links between U.S. chester County, New York, and leftists and the Communist Party. American Activities when it was 'I cannot and will not cut my

conscience to fit this year's fashions," Miss Hellman wrote. Although she had participated with Communists in many causes, she was not a Communist. "Rebels seldom make good revolutionar-

ies." she said. Members of her mother's family were merchants of German-Jewish origin who settled in New Orleans. where she was born on June 20. 1905. Her father, Max, became a successful salesman in New York. An only child, Miss Hellmann spent her girlhood shuttling be-tween Manhattan and New Or-

She studied at New York University for three years, then read manuscripts. Her marriage in 1925 Dashiell Hammett, with whom she came an untouchable in the movies

Her first play to be produced, "The Children's Hour," about two near her Massachusetts summer immediate hit. Although it was home. She was 79. immediate hit. Although it was banned in Boston and Chicago. Among Miss Hellman's plays Miss Hellman earned \$125,000

> In 1936 she went to Spain, then the Spanish Civil War. Meanwhile, she was working on

a play about a Southern family obsessed with money and power.
"The Little Foxes." It was a hit on the stage and in the screen version.

For 13 years, she lived on the farm and helped run it while writing plays, books and magazine articles. When her anti-Nazi play, "Watch on the Rhine," opened in early 1941, the Communist press criticized her for supporting the Al-lies in what it then called the "phony war." The play was named the best of the year by the New York Drama Critics Circle.

Mr. Hammett was jailed in 1951 for refusing to submit a list of contributors to what the Federal Bureau of Investigation had branded a Communist front, the Civil Rights Congress, of which he was a trustee. He emerged with his health shattered. Miss Hellman received her summons the next year.

She offered to testify about herto the writer Arthur Kober ended self but not about others. The comin a friendly divorce in 1932. By mittee did not choose to cite her for that time, she had met the writer contempt, but she suddenly be-



Lillian Hellman

and the theater. Not until "Toys in the Attic" appeared in 1960 did her financial straits end. The play again won the drama critics award. In the 1960s and 1970s, Miss Heliman worked on her memoirs: "An Unfinished Woman" (1969), "Pentimento" (1974) and "Scoundrel Time" (1976). She sold motion picture rights to the section of "Pentimento" about Julia, a wom-an who risks her life to smuggle anti-Nazis out of Hitler's Germany, and it was made into a film in which Miss Hellman was portrayed by Jane Fonda.

Miss Hellman had criticized her friends Lionel and Diana Trilling for their writings on the Cold War, and a feud evolved between the two women, coming down to a "battle-

In 1979, the novelist Mary Mo-Carthy, in a television interview. characterized Miss Hellman as "a dishonest writer." Miss Hellman sued Miss McCarthy, the Educational Television Corp. and the in-terviewer, Dick Cavett, for damages of \$1.75 million. At Miss Hellman's death, the case was still

because of failing health.

angered the acting foreign minister, Manuel Collantes, who said he was joining a group of 30 assemblymen - some of them members of Mr. Marcos's party — to press for a review of the president's controversial decree powers. The main target constitutional amendment, ratified under martial law in 1976, allowing

Mr. Collantes was one of the tier's case for "governmental im-proprieties" and called for an ment candidates elected to the Nament candidates elected to the National Assembly. Opposition candidates won 68 seats of the assembly's 200 seats and independents 16. More than than 50 are

Asked about Mr. Collantes's

whose father is dead.

A further legal wrinkle is that

case would apparently be illegiti-

The case is expected to be decid-

"if we win this case," Mr. Lom-

bard said, "this myth that men and

women have carried around of ex-

tending their life after death will

Pontiff Tells Mauroy

Of Concern on Schools

VATICAN CITY - Pope John

Paul II has told Prime Minister

Pierre Mauroy of France of his

concern over French government

ment saying the two men discussed

days after the father's death.

ed at the end of July.

Marcos Includes Wife In New Cabinet Despite Her Setback in Election

By William Branigin

Washington Post Service MANILA - President Ferdinand E. Marcos has announced a among the cabinet ministers prenew government, retaining most of

The announcement Saturday ended speculation about the immediate political fate of Mrs. Marcos, who earlier had said she was renouncing all her official positions.

Mrs. Marcos was considered the big loser in the May 14 parliamentary elections. Opposition parties won 15 of 21 seats in Metro Ma-nila, where Mrs. Marcos served as ciety Movement, the government

of human settlements, one of 22 holdovers from his 27-member cab-

ministers who lost elections and one, Manuel Elizalde Jr., who fled the country during the height of not been heard from since. Mr. Marcos sidestepped the sensitive issue of Mr. Elizalde's disappearance by merging his office, the Presidential Assistant for National Minorities, with another ministry under a new appointee.

Among those retained were the

That appointment apparently

pending reviews by the Commis

move, Mr. Marcos said, "It's always a sad thing when a friend Springfield, Missouri, where he turns his back on you without even



John N. Turner after a meeting with Canada's governor general.

Turner, Taking Over From Trudeau, Moves First on Economic Problems

By Douglas Martin

New York Times Service OTTAWA — John N. Turner was sworn in Saturday as the 17th afacio prison, where he has been prime minister of Canada in a private ceremony that ended a 16year-long political era dominated by Pierre Elliott Trudeau. Mr. Turner, until recently a cor-

porate lawyer, pledged a more businesslike government and immediately announced the resignation of 13 cabinet ministers who had served under Mr. Trudeau. He said he would meet with the full cabinet and senior ministers individually this week to discuss Canada's seri-

But Mr. Turner, 55, stopped short of announcing the large imcontractors in Tiber can decide mediate changes that some politi-what to raise or sell without gov-cans had anticipated. In particular, ernment quotas. Those who plant be ruled out appointing unelected ministers to senior jobs, a legal possibility in Canada but a move con-

sidered politically dangerous. "I would need a larger mandate from the people of Canada to move farther than I have today," Mr.

ment. He declined to discuss when he might call an election. He must set a date by early March.

electoral district in British Columbia. This, he said, is a demonstration of his commitment to increasing Liberal representation in western Canada. The ruling party currently holds no seats west of Winniper, Manitoba.

Mr. Trudenu, first elected prime minister in 1968, was the longest serving Western leader at the time of his resignation. His sometimes idiosyncratic sense of style was apparent in final comments to report-

ers Friday. "I'll try to remain silent for most of the rest of this year," he said. "It depends on how provoked I get."

Until 1975, Mr. Turner served as a senior minister in Mr. Trudeau's government. He left after a dispute with the prime minister. Although Mr. Turner publicly praised his Turner said.

The new prime minister, who was selected as leader of the ruling most outstanding Canadian of his

Liberal Party earlier this month, is generation," he took the opportunot himself a member of Parlia- nity Saturday to separate himself from Mr. Trudeau in several ways. He said, for example, that he would meet with the press more In an unanticipated move, Mr. often. He has also given cabinet members more power, while cutting the size of the cabinet from 37

> He also made a quip about his long absence from politics, and perhaps the dispute between him and Mr. Trudeau. When asked how he felt while being sworn in, he said, "I suppose I didn't reject from my mind certain ironies of the situ-

Mr. Turner's decision not to look outside the government for top aides at this time meant that he retained a number of Mr. Tru-deau's ministers. Marc Lalonde, for instance, will continue as finance minister.

Jean Chrétien, the energy minister who was Mr. Turner's strongest challenger for the Liberal Party leadership, was named deputy prime minister, secretary of state of external affairs and senior minister for Ouebec. For more than a week Mr. Turner had been negotiating with the popular Quebecer to secure his support in a new adminis-

Mr. Turner praised Mr. Chrétien on Saturday, calling him "my most important collaborator."

Politically, the new leader's most urgent political task is to determine an election date. Some politicians suggested that the decision not to name unelected ministers indicates a later election, perhaps in Novem-

Only five members of Parliament were promoted to cabinet rank The others are familiar faces, with precedence clearly iven to who supported Mr. Turner. and shock treatments that led to a

For instance, Lloyd Axworthy, Mr. Turner's campaign manager, was made Liberal political chief for the entire West in addition to retaining his post as transport minister. Industry Minister Ed Lumley, Labor Minister André Oullet and though he was detained by police Consumer Minister Judy Erola were all given expanded powers.

Whenever an election is called. the Liberals will be up against the Progressive Conservative Party led for the past year by Brian Mulroney, a former businessman. Just as the Liberals are trying to gain in the West, the Tories are concentrating on picking up seats in Quebec,

the Tory leader, who was elected to Parliament in a by-election to a

Exile Says Letter From Soviet Shows Sakharov's Wife Is in Good Health

United Press International terized the Soviet reports as an at-MUNICH — A Soviet exile says tempt to deflect Western criticism partiment said in a statement last he has received a letter from Mos- of Soviet treatment of Mr. Sakhacow containing the first indication row and his wife. that the wife of the Soviet dissident Andrei D. Sakharov has ended a hunger strike and is in good health. "It says Yelena is going every day to the bakery in Gorki in the company of two other persons,"

Saturday of Yelena G. Bonner. He said the "two other persons" were probably agents of the KGB, the Soviet secret police and intelligence agency, who would prevent her from making contact with out-

the exile. Cronid Lubarsky, said

Mr. Lubarsky, a Munich resi- you want to see in others." dent, said the letter made no men-tion of Mr. Sakharov, who reportedly began a hunger strike May 2 to to the cases of Dr. Sakharov and end protest the Kremlin's refusal to allow his wife to go abroad for medical treatment. Mrs. Bonner joined

Mr. Sakharov, who won the 1975

French Woman Sues to Get Sperm

Johel Peace Prize has been in the strike about a week later. Nobel Peace Prize, has been restricted to Gorki by the Soviet authorities since 1980.

Mr. Lubarsky said the letter had peen passed to him by "very reliable friends" in the West who were in touch with the writer of the letter in Moscow.

Formerly an astrophysicist in the Soviet Union, Mr. Lubarsky was deposited in a sperm bank by her imprisoned for political offenses late husband so that she can have but was allowed to travel to the his child. West after being named by Amnes-ty International, the London-based that she has a moral and legal claim human rights organization, as a to have her husband's child. But the "prisoner of conscience."

■ U.S. Rejects Soviet Charges Celestine Bohlen of The Washing-

ton Post reported from Washington In a continuing clash over hu-man rights policies, the U.S. State Department has rejected recent assertions in the Soviet press about the treatment of the imprisoned American Indian activist, Leonard

A department statement charac-

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South Dakota two years before. Last week, four Nobel Prize win-

ners from the Soviet Union wrote a letter to President Ronald Reagan, saying that Mr. Peltier's days are "numbered" and urging Mr. Reagan to "show the humaneness that

In recent articles, Soviet journal- a 1983 book by Peter Matthieson of the review, he said, would be a

by Mr. Peltier, 39, who was con-victed in 1977 of the murder of two Federal Bureau of Investigation agents on an Indian reservation in

By E.J. Dionne

New York Times Service

sperm bank contends that it has no

right to give up the dead man's sperm and is fighting the claim.

complicated legal questions here.

The case has raised a series of

Mrs. Parpalaix met her late hus-

band, Alain, in August 1981. At the

time, Mr. Parpalaix was in the early

He was told that his only hope

for survival was chemotherapy, but

that the treatment might leave him sterile. So he decided to deposit his

sperm at the Center for the Study

and Conservation of Sperm in

Kremlin-Bicêtre just outside Paris.

The cancer went through a peri-

od of remission, but then got worse.

In December 1983, the couple

were married. Mr. Parpalaix died

With the encouragement of Mr.

Parpalaix's family, Mrs. Parpalaix

wrote to the sperm bank and asked

for her husband's sperm so that she might have his child.

law governing what should be done

with a dead man's sperm and asked

that the case be turned over to the

mond Herve. The ministry has not

vet ruled on the case, and Mrs.

Parpalaix went took the matter to

Lawyers for the sperm bank ar-gue that its only legal obligation is

to return the sperm to the donor.

Catherine Palley-Vincent, the

bank's lawyer, contended that

FROM SYNTELLUTE

TELEVIZION

But the center said there was no

on Christmas Day.

stages of testicular cancer.

PARIS - A French woman has

would be.

ists have alluded to a hunger strike and has become a cause among civil rights groups in the United States and abroad. In 1981, Amdependent investigation.

nois, began a hunger strike, apparently to protest the suspension of communal religious activities at the Center for Federal Prisoners in ended a second hunger strike May

nesty International cited Mr. Pelin April, Mr. Peltier, who has been held in the maximum-security

federal penitentiary in Marion, Illi-

inherited as a material object it's very vague too."

prison. He is now in the Medical

She also contended that there is

not sufficient proof that Mr. Parpa-

laix deposited his sperm with the

intent of baving a child with Mrs.

Parpalaix, who was his girl friend

at the time he donated the sperm.

ticed only to overcome male steril-

"Giving birth is not a therepentic

matter and the aim of sperm

For its part, the Health Ministry

has generally held that both part-

ners should consent to artificial in-

semination, and should thus both

presumably be alive. But Paul Lombard, the lawyer

for Mrs. Parpalaix has made a dra-

matic appeal that Mrs. Parpalaix

be given the chance to have her husband's child. He asked the court

to rule "that a deceased man has

the right to breath life into the

womb of his wife and prove that

love is stronger than death."

Mrs. Palley-Vincent has argued

of a deceased family member.

that's in a test tube."

banks "is strictly therpeutic.

"Artificial insemination is prac-

" Mrs. Palley-Vincent said.

Fears Arrest on His Return Home

WASHINGTON -A South Afcan of Illinois, to describe the tor-ture he suffered while in prison in a black tribal homeland has been warned by relatives and church officials in South Africa that he may face a bleak homecoming.

house every day until then. Mr. Farisani, who was in New

York over the weekend, said the Regina Farisani, reached by or town. Sibasa, said that the two officers did not threaten to arrest

her husband but that she was wor-

ried about his safety when he re-

of the officers as being part of a 1981, was part of a major police group of men who arrested Mr. sweep in which 18 prominent people were detained after an attack on Despite fears that he could be the Sibasa police station.

South African Cleric, on U.S. Visit,

rican clergyman who appeared at a arrested again, Mr. Farisani said he press conference last week with planned to return home this week. Senator Charles H. Percy, Republican of Illinois, to describe the tor- can of Illinois, to describe the tor-Martin Sovik, the assistant director of the office of government af-

fairs for the Lutheran Council of the U.S.A., said that church officials have contacted the State Department for help in securing the reverend's safety in Venda. The ambassador, Herman Nickel, to look into the situation, he said.

Mr. Farisani has been arrested three times in the past five years government after their release from and he has spent a total of 372 days prison and received a settlement

in detention. His last arrest, in out of court this spring.

until June 1982.

SAN SALVADOR — Leaders

U.S. General Links Nicaragua, Drugs

series of heart attacks. The authori-

ties also demanded a statement

from him admitting involvement in

the bombing. He says he was never

formally charged with a crime, al-

Commerce meeting in San Salva- seats.

drug traffickers buy off governments, and are conduits for subversion and that "the commanders of Micaragua are deeply involved in safe seat in Nova Scotia, has been these movements in the region." He

Mr. Farisani and two other Lutheran churchmen sued the Venda

speech to an American Chamber of where they now hold only one of 75

LETTERS TO THE EDITOR

ported. Most private schools in (Continued from Page 6) But the sperm is not part of the body, it's not an organ," Mr. Lombard countered. "It's something urday, the Vatican issued a statesaps, to a less painful exit out of A. Writing off all interest.

B. Shrinking the size of existing cans to correspond to the capacity of each country in debt, and have them rescheduled in order to make them commerically serviceable. C. Strengthening the Interna-tional Monetary Fund to cope in

the short term with any balances

left unsettled, resulting from the implementation of case B. In this way the interested banks will acquire enough funds to restore their solvency and make further use of these funds under purely banking criteria. D. The issuing by the IMF of long-term bonds at a nominal rate of interest for a sum equal to the unsertled balances in case C. These

banks that have received the money from the IMF in proportion to their exposure. After maturity and repayment of in general, the measure would be handled by the IMF after agreegive private school teachers six ment between the IMF and various

bonds are to be underwritten by the whose total trade balance cannot

CHRISTOS G. ACHIS. Former Governor. National Bank of Greece.

Since nuclear armament is a

decisions on any member-state. Formally seen, this fundamental

However, the vital question is tries such as Israel and South Afriwhether the political will exists to ca rather than on Pakistan, which take this initiative. Are the present has repeatedly assured, at the high-UN members inclined to abandon est level, that it is not engaged in their nationalism and special privi- developing nuclear weapons. leges such as the right to veto? Are

national policies to those of the United Nations? Will they give up their complete disregard for UN charges and judgments? To reach the necessary political

> first of all to the reorganization of the United Nations

WOUTER ter HEIDE. Zwolle, The Netherlands.

In response to the report "Crunston Says Pakistan May Produce Nuclear Bombs Within 3 to 5 Years' For many years the Western

press has been publishing sensational reports about the imminence of a nuclear explosion by Pakistan. All such reports have proved false. they should concentrate on coun-

MUKARRAM ALI.

Special Parliamentary Session Called on French School Issue

"It's a completely new problem private schools and other subjects.

that heirs have no more right to efforts to gain more control over

sperm than they would to the body private schools, the Vatican has re-

The Associated Press

PARIS - President François Mitterrand has ordered both houses of the French Parliament into extraordinary session beginning Monday, pressuring the opposition for quick and relatively painless passage of a law on private

The special session ordered Saturday has no time limit, and July marks the beginning of France's two-month summer holiday period. The special session puts pressure on opposition senators to act

quickly or risk losing their own

Conservatives and the Roman Catholic Church, which runs al-

through Paris to protest the pro-

most all private schools in France,

The school bill would increase years to decide whether to become governmental or semigovernmental direct state participation in private state employees. In schools where bodies in accordance with their fieducation, which is heavily subsi- the percentage of teachers who nancial and political involvement, dized by the government. Last were state employees fell below 50 week, a crowd estimated at 800,000 percent eight years from now, pubby the government and up to two he financial support would be million by organizers marched phased out.

see the measure as an attack on freedom of educational choice. For the governing Socialists and their junior partners in government, the Communists, the proposed law appeared to be a partial fulfillment of their 1981 campaign pledge to cre-ate a "unified, secular" educational SYSTEML

3 Debt 'Culprits'

Regarding the opinion column "The Banks' Loan Binge Bough Some High Life" (June 14) by Martin Mayer. It is quite true that some of the

on arms to wage war against Chile (almost) and Britain or to murder our own citizens. But the basic problem is how to reduce this debt trom now on There are three culprits: The Arentine people, who are responsible for their own abominable governments; the U.S. government, which

even pay the interest on the loans. Whatever the outcome, the Argentine people will be economically But it should definitely be the large U.S. banks, whose reckiess attitude toward my country are the real causes of the present chaos, who should be obliged to foot the largest part of the bill.

JORGE HELFT.

Reform at UN

world problem and not a national or political-party one, it can only be solved at a world level or within the United Nations. A first condition for such a solution is a fundamental change in the organizational structure of the United Nations so that it can evolve from a powerless debating society into a credible, assertive assembly which will For ma be able to legislate as a suprana-tional government and enforce its

reorganization could be affected And yet the mischief-makers do simply by convening a general con- not give up. If Senator Cranston ference to revise the UN charter, and others like him are sincere Article 109 of the charter explicity about nuclear nonproliferation, provides for this

investment for the U.S. taxpayers, they prepared to subordinate their

حكذا من الاعل

PROGRAM, MONDAY 2nd JULY SKY CHANNEL MUSIC BOX CARTOON TIME MR ED GREEN ACRES CHARLIE'S ANGELS VEGAS ROVING REPORT AMERICAN COLLEGE BASKETBALL SKY CHANNEL MUSIC BOX BROADCASTING TO CABLE COMPANIES IN EUROPE & THE LIK VIA SATELLITE CONTACT SATELLITE TELEVISION FOR FURTHER INFORMATION TELEPHONE LONDON (31) 439 0491 TELEX 200943



sent at the news conference for the his cabinet, including his wife, formal announcement of their ap-The Human Sendements Ministry has been criticized for heavy spending and some opposition politicians are seeking to abolish it. Mrs. Marcos has been keeping a low profile since the election, which the president has said left her deeply disappointed. However, she is expected to be back in the public eye this week to campaign manager for the New So-testify before a board investigating the assassination last year of Ben-

turned from three years of self-exile

The Supreme Court on Sunday

pines removed from more than six

years of solitary confinement, call-

ing it "cruel and unusual" punish-

ment, United Press International

give José Maria Sison "the oppor-tunity to associate with other per-sons under detention" at Fort Bou-

held since his arrest on charges of

Economic Policy

The Associated Press

aounced flexible, new economic policies for Tibet, designed to dou-

ble family incomes in five years.

The official news agency Xinhua reported Saturday that individual

trees or grass on wasteland or river

banks can take ownership of the

Tibet, a land of 1.9 million peo-

ple, lags behind much of the rest of China economically. Per capita in-

come was 216 yuan (\$96) last year,

compared with 310 yuan for peas-

land and transfer it to others.

BELJING - China has an-

Eased in Tibet

The court ordered the military to

in the United States

reported from Manila.

igno S. Aquino Jr., the opposition leader who was shot last August as Mr. Marcos said Saturday that his wife would continue as minister he was leaving a plane at the Manila airport. The board is expected to ask her about comments she made before the assassination warning that Mr. Aquino would be killed if he re-Those dropped included three

year's political turmoil and has Court Lightens Sentence ordered the alleged leader of the Communist Party of the Philip-

prime minister, César E. A. Virata, who also serves as finance minister, and Juan Ponce Enrilem, the de-The major change was the ap-

pointment as foreign minister of Arturo M. Tolentino, an assemblyman who has a reputation as a maverick for disagreeing with Mr. Marcos on a number of issues. Mr. Tolentino succeeds Carlos P. Romulo, who retired earlier this year

Mr. Marcos to legislate by decree.

sion on Elections.

By Lexie Verdon Washington Post Service And Bear Her Late Husband's Child sperm was in effect an indivisible that's never come up in French part of a person, and could not be law," he said. "In other countries, Supporters of the bank's posi-

tion have also argued that it is not right to bring a child into the world The Rev. Tshenuwani Simon Farisani, a dean of the Evangelical Lutheran Church in South Africa, State Department has directed the said Saturday that police agents under French law, the child in this went to his home last week following his statements in Washington. mate. French law holds that in order to carry the father's name, a child must be born fewer than 300 They asked his wife when he would return and promised to visit the

> men were members of the police force of Venda, a small, remote territory given nominal independence from Pretoria four years ago as part of a plan to strip all blacks of their South African citizenship. phone at her home in Venda's ma-

or rucaragua's government are involved in drug trafficking in the region, said Lieutenant General Paul F. Gorman, head of U.S.

Army forces head of U.S.

The promise of Mr. Turner to run in British Columbia thus represents a challenge to Mr. Mulroney to run in his particular to run in his particular. Army forces based in Central

turns. She said she recognized one gations Friday night during a refused to elaborate.

money received by my country, Argentina, "bought some high life."
Much more was iniserably misspent either in pharaonic and
"nonpriority" projects or, worse,

gave its approval to many loans based on "convenient political judgment;" the foreign banks who made lots of money by giving unbelievable amounts to a country

penalized during a generation or more for this situation. If the U.S. government decides to give some help - a low interest rate or some other gimmick to support our first serious effort toward democracy in the last 50 years — it will be a good

willingness, which inevitably must lead to total (nuclear) disarmament and world peace, I advise the peace movements on either side of the Iron Curtain to devote themselves

The 'N' in Pakistan



From Trudeau, mic Problems

far between; extremely valuable; of the highest order; singular; unique; highly prized.

quality (kwol'-i-ti) n. degree of excellence; priceless; superior; measure of perfection; property associated with prestige; greatly esteemed.

DeBeers (de-bērz) *n*. pertaining to rare and quality; the name that stands for diamonds.



CO

Herald Tribune

Toward a Debt Solution

There appears on this page today an essay proposing the creation of an Alliance Fund as a means to de-escalate the increasing sense of crisis that surrounds the international debt problem of developing countries. The proposal merits serious consideration by official and private creditor institutions.

It is important that the recent meeting of the major Latin American debtors in Cartagena. Colombia, receive a studied reply from the creditors. No response would appear to be brushing it away, as if it never happened. And that would be a mistake.

The Latin governments are under tremendous pressure - from their electorate for a better life, and from their creditors for an improved economic performance. In the long run, compliance with the austerity programs required by the International Monetary Fund may indeed lead to a better life for the citizens of those countries.

But in the short term, policy-makers in creditor countries must recognize that the adjustments they are demanding represent a tremendous sacrifice in daily living conditions that no government in the industrialized countries would dream of implementing

It is time, therefore, for new initiatives. The \$20 billion proposed to start the Alliance Fund is admittedly only a drop in the bucket relative to the \$400 billion owed by developing countries to private creditors mostly commercial banks.

Still, the proposed Alliance Fund is equal to half the paid-in capital of the World Bank, and it is about equal to what the IMF has actually laid out in assistance over the past two years. It would be \$20 billion of long-term finance that would otherwise not be available. Ideally, it would depoliticize the debt issue.

Most important, it would be a demonstration that the will exists to find solutions equitable to both lenders and borrowers. INTERNATIONAL HERALD TRIBUNE.

What Kind of Europe?

When an international quarrel over money drags on for years, at a rising cost to political reputations, you can assume that more than money is at stake. Britain joined the European Community more than a decade ago, knowing the financial formulas were adverse to its interest but assuming that something would be worked out. Unfortunately, all attempts at a solution seemed to exacerbate the deeper differences between the British and their continental partners - particularly the French.

The French sometimes suspected Britain of trying to abandon the political purposes of the Common Market altogether and attempting to turn it into merely a free trade zone. The British, with their highly efficient agriculture, deeply resented the price being extracted from them to support the continent's tradition of highly protected farming with its inordinate costs and huge surpluses. The British, feeling poor, wanted to fix the community's budget deficit by cutting the budget; the continentals, most of them much richer, were prepared to raise taxes. For the past five years, because these differences touched everything else that the community wanted to do, it made very little progress on anything at all.

The dispute has now been resolved, more or less to everyone's satisfaction. The credit goes, above all, to the president of France, François Mitterrand, But what made this solution possipurposes holding this economic community together are not, at bottom, economic at all The French worry that the West Germans, at some point in the future, may drift off toward neutralism and the romantic dream of reunification with East Germany. For their part, the Germans fear isolation from the other Western democracies. The community is the structure that holds Western Europe together, and not even the British are prepared to accept the consequences of allowing it to collapse.

The governments that worked out the financial settlement clearly intend it to be part of a concerted effort to begin moving their 10 countries toward a closer unity. They announced the settlement in a statement in which they also spoke of creating a European passport, and perhaps a European flag. They suggested organizing European sports teams — for the 1988 Olympics? — and twinning school classes across national boundaries.

A long time ago the greatest of the community's architects, Jean Monnet, warned that either it must maintain momentum toward unification or it will ultimately fall apart. Having had the opportunity to reflect on the alternative, the people running the European de-mocracies have now decided to have another

- THE WASHINGTON POST.

Drilling Closer to Home

There is a long list of necessary projects that everyone favors somewhere else — things like prisons, mental hospitals, drug clinics, wastedisposal units, power plants. Now please add a national necessity: offshore oil drilling. Congress is all for it off other people's coasts.

American oil production continues to decline and dependence on oil imports is once again rising. The trend toward ever greater vulnerability cannot be inexpensively reversed. It probably could be slowed, though, by a vigorous effort to develop the most promising U.S. oilfields. But they are mostly offshore, along someone's favorite coastline.

Congress and the Carter administration tried to do just that in 1978 by streamlining the shelf. They sought maximum development with a minimum disruption of the environment. But legal challenges by state govern-ments and environmental groups stalled the program. By the time these were beaten back. the 1979 oil shock had faded and James Watt had become secretary of the interior.

Then the opponents of offshore drilling capitalized on public indifference and on resentment of Mr. Watt's attitudes about conservation. With little discussion and no recorded

the Interior Department from leasing any of some 52 million acres (21 million hectares) offshore. Now a House committee is considering another year's moratorium, covering prime sites off California. Alaska and Massachusetts.

Its sponsors cite the big oil spills off Santa Barbara, California, in 1969 and off the Mexican Gulf coast in 1979. Why risk populated or ecologically fragile coasts, they say, when oil is available elsewhere?

There surely is some risk of damage. But the technology of containing spills and vigor of regulation have come a long way since Santa Barbara. No serious spill has marred the harvesting of four billion barrels from 12,000 cally, tankers bearing imported oil now pose a much greater environmental danger.

Nothing Congress can do to the offshore oil program this summer will affect energy supplies in this decade. The easier sites, like those off Southern California, need five years for development; Alaska's would take at least 10 years. But if the nation fails to push ahead now, the almost certain shortages of the mid-1990s will surely be more severe.

- THE NEW YORK TIMES.

Other Opinion

The Growing Doubts in Iran

Although it seems unlikely that Iraq can win the war in the sense envisaged by President Saddam Hussein when he started it, he can be less fearful of losing it than he was a few weeks ago. The expectations aroused by the latest Iranian call to arms has not been fulfilled. For the first time since the revolution the [Iranian] leadership is having its authority questioned. It was certitude which caused the ill-trained

and ill-armed Iranian troops to hurl themselves at Iraqi defenses. When certitude gives way, ever so slightly, to doubt, a simple moral crusade becomes a difficult military operation about which there can be more than one professional opinion. The Iraqis say they still expect the offensive to take place, and if it does the balance may shift back again. Even so, with every passing day Iran's secret weapon -

religious fervor — is losing potency. - The Guardian (London).

FROM OUR JULY 2 PAGES, 75 AND 50 YEARS AGO

1909: China Explorers Said in Danger PEKING — Telegraphic advices to the American and British legations are construed to indicate a possibility of further trouble for Robert S. Clark's party if it continues its explorations in Kansu. Details of the killing of the Sikh attache are meager, but the reports indicate popular excitement. Despatches to the British legation announce the find of the body of the Sikh, much mutilated. Mr. Fletcher, the American charge d'affaires, has telegraphed to Mr. Clark urging the party to return. This was at the insistence of Mr. Clark's brother in New York. No response has yet been received, but this is not necessarily ominous. Nevertheless, in view of the contentions, the authorities are insisting that the

party leave the scene as soon as possible.

1934: Nazis Execute Ex-Chief of Staff BERLIN - Ernst Roehm, former chief of staff of the National-Socialist Party storm troops and ringleader of the revolt against the Hitler dictatorship, has paid for his rashness. In a [July 1] statement announcing that the chancellor's one-time intimate (riend has been executed, but mentioning neither the time nor the place, it is simply stated that "former Chief of Staff Roehm was given an opportunity to take the consequence of his treasonable action. He did not do it and therefore was shot."
Presumably Rochm was executed at Munich, where he was arrested [on June 30]. Whatever may be said of Roehm's moral character, he was a man of great physical courage and he characteristically refused to do the Nazis the favor of taking his own life.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY. Chairman 1958-1982

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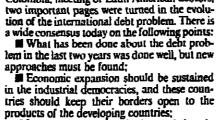
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B RUSSELS — With the London summit of industrial democracies and the Cartagena, Colombia, meeting of Latin American debtors,

interest rates should be lowered, largely through a reduction in the U.S. budget deficit; ■ Debtor countries' problems should continue to be solved on a case-by-case basis. But the International Monetary Fund must be put in a position to propose more forcefully — and to assist with larger resources — adjustment programs that leave room for growth, especially in debtor countries with democratic regimes. To this effect a dialogue must be established be-tween the IMF, the governments of industrial countries and the governments of problem

debtor countries; ■ Full service of the outstanding debt is not possible, even with new reschedulings, unless a significant new ingredient is added.

Henry A. Kissinger ("Solving the Debt Crisis: What's Needed Is Statesmanship," IHT, June 25) invites governments "to establish criteria for allocating the costs of stretching out the debt between those who took unwise risk and the public interest in maintaining a vital bank-

ing system."

Most observers seem to believe, and probably rightly, that governments and banks from creditor countries will have 10 make financial sacrifices to return to a healthy situation. They also believe that with the awareness of how

An 'Alliance Fund' Could Help Solve World Debt Crisis

By Philippe Duvieusart costly the lack of a solution would be, the

the debt problem can be gathered.

Yet there is a basic difficulty that has not adequately been spelled out: how to solve the debt problem in a lasting way without spoiling the debtors, without loosening the rules of international financial relations and without stripping the international credit market of its

substantial financial resources required to solve

How can one solve today's problems without creating a dangerous precedent and without depriving tomorrow's developing world of the large financial flows required for its own bene-fit, as well as that of the industrial world?

If commitments are not fulfilled today -not even with the forced consent of creditors how can one expect the large credits that will be required tomorrow to be extended to governments that see little difference between a loan

Points on which there is wide consensus should be implemented; economic activity and open-door trade policies should be sustained in the industrial world, lower interest rates should be worked for, individual approaches should be taken on problem countries and new reschedulings should be arranged when required. New financings should, of course, be directed exclusively to sound projects and to sound programs, and borrowings should stay within the limits of

future repayment capabilities. But a substantial new element should be brought into the picture: a large pool of re-sources to be gathered in an international agency. This might be called the Alliance Fund to emphasize the will to avoid confrontation between a debtors' club and a creditors' club. The
Alliance Fund would be managed by the IMF.
national product.

"HOW MUCH WOOD COULD A WOODCHUCK

probably with the cooperation of the World Bank and of the Bank for International Settle-

Shareholders of the Alliance Fund would be the governments and export credit insurance agencies of the industrial democracies and of the richer OPEC countries, with a 40-percent share; international development aid agencies (all creditors should contribute), with a 20-

percent share, and the creditor banks of the industrial countries, with 40 percent.

Contributions by the latter would be proportional to their exposure in problem debtor countries and presumably would have to be made compulsory by their governments. The Alliance Fund would extend long-term soft loans - say. 25-year terms with 10-year grace periods and 2-percent to 5-percent interest rates — within the framework of adjustment programs agreed upon between the IMF and the debtor countries.

To be effective and credible, the Alliance Fund should have a subscribed capital of \$20 billion or more, to be called up progressively as required. This is a large amount, but put it in perspective: It is not more than the estimated 1984 net transfer of funds from Latin American countries to their lenders, it is less than three times the amount of short-term funds made available to bail out Continental Illinois, not much in comparison to the high amounts of write-offs and reserves carefully made over the last two years by creditor banks on their foreign loans, and very little indeed compared with the damages that an international debt catastrophe would cause. Data Resources Inc. estimates that a moratorium on their debt by Argentina, Brazil, Chile, Peru and Venezuela, would cost the United States alone \$95 billion in gross

So the proposed program would.

Provide the IMF with adequate means to achieve its objectives and to more effectively and fully assume its role of advice, aid and

■ Provide debtor countries with the financial

assistance and the political arguments and support needed to implement the required austerity programs, leaving room for at least mini-Let banks avoid political involvement and

concentrate on banking, trade and other fi-nancing, including needed negotiations of rescheduling programs on a commercial/finan-cial basis. The improvement in the quality of the banks' loan portfolios and the resulting possibility to cancel or avoid write-offs on foreign loans should largely compensate the banks for their contribution to the Alliance Fund. Remove the Sword of Damocles of a major

debt catastrophe, without spoiling the financial atmosphere of the future, without institutionalizing defaults, formal or de facto repudiations and huge loan write-offs, and without breaking the mechanisms governing the trade and financial relationships between the developing world and the industrial world. and the industrial world.

Meet the wish so widely expressed that all parties concerned share the costs and efforts required to reach a solution while avoiding a

dramatic confrontation.

Such a solution to the debt problem would be costly, but certainly much less so than the lack

The writer, a former staff member of the IFC-World Bank and later director of Kredietbank Luxembourgeoise, is an adviser to the Socfin Group, a private Belgian investing company. He contributed this personal comment to the Interna-

Impotence, Fatigue Haunting the West

By Flora Lewis

Paris — The European Community is over the immediate hump, with last week's compromise on the budget. But is it going any further? The only real argument for opti-mism is brinkmanship. The community's prospects have gotten so bad that they had better get better, or face disaster. For now, Britain remains a full participant, and admission of

On the surface, enlargement appears as progress. Europe still has a magnetic field. But it observes the laws of physics, weakening as it spreads. Perhaps the best measure of the slide to decay is the long list of

proposals for salvation. They range from the trivial to the radical. They ring with desperation, no longer with enthusiasm, excitement, conviction. On one level, a European flag, a European anthem and a European passport have been suggested to a committee that is to make recommendations. But the issuance of a passport, and even its color, was formally endorsed a decade ago only after long haggles and it still hasn't actually happened. Symbols no long-

er move skeptics. Substance could, but it seems be-yond grasp. Words that would have been electrifying 10 or 15 years ago drop with scarcely a tingle. France's president, François Mitterrand, proposed a permanent political secretariat for the European Council, the representatives of governments who are true executives and

the demonstration of its lack of unity. It is not a new idea. When it was put forward a generation ago France set the condition that the secretariat be established in Paris. Charles de Gaulle was president then, adamantly opposed to the admission of Britain and also to supranationalism. His

requirement was seen as an attempt give France political domination of the community and shape it to his national purposes. The others refused, and he vetoed the plan. Mr. Mitterrand has not ified whether he has abandoned the old requirement. If so, it would be a change of historic policy, but too late to be dramatic. French preten-

tions to sole leadership of Europe, to be the political brains atop West Germany's economic brawn, have been shredded by time. Now, a political secretariat would be a convenience, hardly a momentous breakthrough.

Helmut Schmidt, West Germany's former chancellor, has gone much further. He urged French-German defense integration, with Germany accepting the major conventional burden and France extending its nu-

clear-protected "sanctuary" to West Germany. No one even bothered to attack such a far-reaching challenge to hallowed national sovereignty and French independence. Apparently, nobody took him seriously. The storms of yesteryear no longer pro-

Mr. Mitterrand has made a very

deliberate effort to stress the French-

voke a ripple.

Spain and Portugal is promised (but not guaranteed) for 1986. German core of the whole European idea, as a hedge if Britain had paralyzed the community by refusing a budget compromise and as the impulse to advance if advance is possible. He chose his speech at Volgo-grad, formerly Stalingrad, to make clear that the Russians and everybody else must count on French-Ger-

man reconciliation as a new fact of history, at least as immovable as the new map imposed by the Russians on postwar Europe. But somehow, all these gestures of statesmanship are falling flat, without much response. These are pecu-

liar times. Leaders are aware of dreadful dangers. There is talk of 1914 and the stupid way nations stumbled into war they had not planned. There is talk of 1929 and the terrible way unpayable debts and irresistible protectionism brought the whole world's economy to crash. Some steps are taken when the

brink is too near, in Europe, in Washington, in Moscow. The United States and the Soviet Union have exchanged proposals to talk about space weaponry in September, an urgent issue if iechnology is not to over-whelm policy instead of serving it. Still, it sounds more like drawing back a pace or two from a terrible chasm than like a turn toward a vital new direction.

For all America's notion of renewed vigor and resilience, there is a general atmosphere of impotence and latigue. Firm old decisions are being opened to question, such as European unity, the solidity of the Western alliance, the possibility of keeping violence out of East-West relations. But no alternatives can be found.

European governments are weak and their people disgruntled, in the last two weeks, for example, Mr. Mitterrand had two big foreign policy successes, in the Soviet Union and at the European summit, and two big domestic setbacks, in European elections and the protests against planned educational reform. They do not balance. The negatives resound.

Cynicism feeds itself. Drift is contagious. It will take energy now to move the Western world, not just last-minute hops away from crisis. The New York Times

Politics and Debt

most realistic appraisal of the situa-tion. In dealing with Third World debt and by attributing to "financial procedure" the main cause for the waste of the "aid" granted to poor countries, we are overlooking the fact that the capital has not been lent under orthodox banking criteria, i.e., apart from solvency, but that political reasons were also taken into ac-

The "aid" was rather a different form of the Marshall Plan. But while the Marshall Plan was intended to help the rehabilitation of European countries with a long tradition of industrial and financial experience and know-how to make use of the money. the aid to the Third World was granted to countries with no such background, disregarding the fact that any economy has a given capacity to absorb borrowing. In the absence of such capacity, any endeavor to solve the problem of financial default through additional excess borrowing usually leads to bankruptcies,

As our remarks give no answer on how to deal with the actual problem of imminent danger to the international banking system, the following

(Continued on Page 4)

WARRAN OF THE PARTY OF THE PART CHUCK IF A WOODCHUCK COULD CHUCK WOOD?" OK LEMME GET THIS STRAIGHT WE'RE LOOKING FOR AMERICAN-MADE RANAN JETS WITH ISRAEL SPARE PARTS ON BEHALF OF THE SOLIDI ARABANS, WHO, ALONG WITH SYRIA, KUNAIT, OMAN, AND OTHER GULF STATES, ARE TRYING TO STOP IRAQIS AND IRANIANS FROM BOMBING BRITISH FRENCH, AND JAPANESE OIL TANKERS...

Israel's Economy: Reform Is Difficult

By Joyce R. Starr

7 ASHINGTON — While leaders of Israel's ruling No less important, imports were down by 4 percent. WASHINGTON — write teasers to an annual Mark Rank or Likud coalition and the opposition Labor Party may disagree vehemently about the future of the West Bank or the Israeli troop presence in Lebanon, they seem to concur that the only cure for Israel's economic woes is a

strategy that stimulates exports, reduces imports and reigns in government spending.

The formula is obvious, said Gad Yaacobi, who would be finance minister under a Labor regime. "The point isn't the plan, but whether the minister has the power to implement it. The Likud had four different ministers of finance in seven years, with eight different

policies, and none of them were able to do the job." He said he is not fighting for the portfolio because the next finance minister "will be, de facto, a kamikaze." But if he is asked? "With the correct approach, we could reduce inflation to 85 percent in two years, and in six years we can restore the economy to a healthy footing,

cutting inflation to 25 percent." Such optimism seems surprising. But it reflects the fact that Israelis, irrespective of their political leanings, tend to maintain almost a zealous confidence in the country's

export potential in high-technology fields.

Israel's advantage in this area "will have to carry the responsibility for our future growth." Commerce Minister Gideon Patt said recently. "About seven years ago we began to change directions from industrial manufactured goods to high technology, which was less than 3 percent of our industrial exports in 1965." By last year, he added, the figure had passed 35 percent.

Mr. Patt said the goal is for high-tech production to account for 55 percent of industrial exports by 1990 and for the current work force of 50,000 in the sector to increase fourfold. Based on the calculation that a hightech employee produces \$40,000 a year, as compared with the industrial worker's \$15,000, the shift could add \$2

billion yearly to the nation's export earnings.

In fact, figures for the first quarter of 1984 showed exports up by 9 percent over the same period in 1983.

"The positive side," said an Israeli economist, "is that our civilian goods and services deficit, which grew from \$1.4 billion in 1977 to \$4 billion in 1983, is contractable. Sure it's great to have video recorders in every home, but we can learn to suffer without them'

"The people feel guilty," suggested a Labor candidate, that they did not earn a 27-percent rise in private con-

But if the latest round of strikes are an indication, pangs of guilt have been submerged in anger over an erosion in real wages that reached 15 percent the last quarter of 1983. Many middle-class workers insist that their loss in earnings was almost twice that amount. One of the most difficult challenges facing the party that wins the majority vote in the July 23 elections will be

to reach a "social contract" between government, employers and the Histadrut labor federation to reduce gradually the country's infamous indexation system. "Our problem," said an Israeli banker, "is you can never make the people poor, because a high percentage of their savings is held in assets linked to foreign exchange

rates or to the consumer price index." Now roughly 80 percent, Israel's indexation albatross also makes income policy all but impossible. No party official seems to be willing to be quoted on the subject, but privately most are quick to admit that the

indexation system must be changed. Yet, this hinges on public confidence in the incoming government.

What if the party that wins the upcoming election fails to bring the economy rapidly under control? "Israel is the only country in the world whose leaders keep devising creative ways to destroy the economy," said an Israeli general. "But the infrastructure survives."

The writer is director of the Near East Program of the Center for Strategic and International Studies of George-town University. She contributed this comment to the Inter-national Herald Tribune.

A Sharper Definition of 'Terrorism' Is Needed

WASHINGTON — Bombings and kidnappings in Lebanon and gunfire from the Libyan Embassy in London have put terrorism back at the top of the international political agenda. At the summit meeting in London, Western heads of government issued a guarded statement of condemnation. President Ronald Reagan has asked 26 federal departments and agencies for new counter-terrorist options and has sent Congress a legislative package aimed at trengthening antiterrorist provisions in the federal criminal code.

All told, the latest spate of highlevel attention may plug a few loop-boles but is not likely significantly to diminish the threat. For one thing, the security infrastructure to fight terrorism is in place and operational in most civilized countries. There is hardly a terrorist crime imaginable that is not covered in the statutes. The real obstacle to effective containment of terrorism is the growth of its international dimension and its politicization by government leaders and the media through a broadening of the definition to encompass virtually

Properly speaking, terrorism is the sustained clandestine use of force to achieve a political purpose. But all political violence is not necessarily terrorism. The term is totally inap-propriate to suicide attacks on militury personnel in a war come, as in the of them would implement earlier tracking terrorist conspiracies and in The New York Times.

all political violence.

By Charles Maechling Jr.

case of the U.S. Marine bunker in treaties on aircraft hijacking and hos-Beirut. Even political assassination tage-taking. Another aimed at penalmay or may not be a terrorist act, depending on the degree of commitment to a program of terror behind it. If extended to every variation of insurgency, armed rebellion and civil warfare, terrorism as a concept loses meaning and becomes a propaganda tool to stigmatize an enemy. This confusion in terminology

does damage in several ways. Failure to discriminate between the deliberate killing of civilians by terrorists and government death squads in order to intimidate a population, and resistance groups' claudestine para-miliary warfare against official and military targets, adds up to the (fallacious) maxim that one man's terrorist is another's freedom-fighter.

By any definition, the Palestine Liberation Organization, Provisional Irish Republican Army and Libyan "hit squads" are terrorists, but one can hardly apply the term to the Polish and French resistance movements of World War II. For the Indi-Sikh extremists is a disservice to public understanding.
The confusion also spills over to

izing U.S. citizens and residents who engage in "training, supporting or inducing" terrorist activities is almost certainly unconstitutional. Designed to rectify gaps in the law

that hampered the prosecution of Ed-win Wilson, a former Central Intelligence Agency operative, for furnishing equipment and services to Libya, this bill strikes at a statistically insignificant group while potentially penalizing a wide range of legally permissible activities. In authorizing the secretary of state to embargo supplies and services to countries and organizations that support terrorism, it could make shipments of food, computers, books and medical supplies a criminal offense. Logically applied, it would encompass not only obvious targets like Libya but also the rebels of Nicaragua and, of course, Saudi Arabia and other Arab states that back the Palestine Liberation Organization. The bill's most objectionable feature is a grant of authority to

an government to attach this label to the secretary to make determinations unchallengeable in the courts. What is needed is not more indiscriminate application of the label remedies. For example, the bills Mr. "terrorist" and superfluous legislation but international cooperation in Reagan proposed are off target. Two

blocking the movement of terrorists across frontiers. The first requirement is better,

more up-to-date intelligence through collaboration between national police forces. The second is tighter controls at airports and border-crossing points. In line with Prime Minister Margaret Thatcher's proposal at the summit conference, the third should be an end to immunity for diplomats and embassy installations that depart from bona fide diplomacy, and an international boycott of official personnel implicated in terrorist activities. None of these goals can be achieved without international agree-ment based on a much sharper definition of what constitutes terrorism. Reaching a consensus will not be

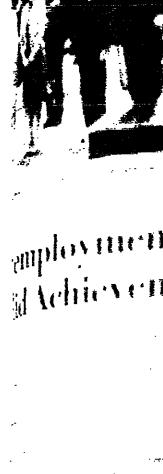
easy. But a start might exclude the predictable attacks common to civil war and anarchy since the beginning of history and concentrate on conspiratorial attempts to export violence to stable, law-abiding communities. Even ideological adversaries should be able to agree that bombings, shootings and other outrages that put the lives of ordinary men, women and children at risk are common crimes that deserve the full measure of international retribution.

The writer, a senior associate at the Carnegie Endownment for International Peace, contributed this comment LETTERS

Henry Kissinger's June 25 analysis, "Solving the Debt Crisis: What's Needed Is Statesmanship," was the

practical ideas could contribute, per-

مكنا من الاعل



nce. Fatigue

Herald Eribune

SPAIN

A SPECIAL REPORT

MONDAY, JULY 2, 1984

Page 7



Unemployment Continues to Counter Solid Achievements in the Economy

MADRID - Eight years after the restoration of democracy, the Carlos Cortes, secretary-general of the influential Businessmen's Circle, "a large part of our profits has been used to destroy jobs."

In statistical terms the achievements of the Socialist government of Prime Minister Felipe González since it took office in December 1982 are impressive.

The inflation rate, then running at 14 percent a year, will range between 8 and 9 percent by the end of this year, independent forecasters have said.

Gross domestic product grew 2.2 percent last year and foreign economists in Madrid say that the Organization for Economic Cooperation and Development's prediction of 2 percent this year is conserva-

By devaluing the peseta as soon \$4.2 billion in 1982 to \$2.5 billion

now be in balance.

But these results must be set Spanish economy still has a hang-over. In the pithy assessment of ciency and huge financial losses in against the highest unemployment heavy industry, and a lack of confi-dence in the private sector.

Mr. Cortés rejected Mr. Calleja's contention that "four decades of protectionism under Franco sheltered businessmen from virtually all risks and they are now timorous about investing unless they can see high profit margins, much higher than you are used to outside

The government plans to invest \$6 billion over the next three years to restructure industry. Steel output fell slightly last year, to 12 million metric tons, less than twothirds of capacity, and losses were estimated at 30 billion pesetas. Shipyards lost 45 billion pesetas.

Businessmen, in Mr. Cortés' view, have no incentive to invest. as it took office the government. Their chief demand is a disman-flexible labor market because it helped depress imports, and the tling of the vestiges of Franco's needs the support of the unions to current account deficit shrank from labor laws. A trade-off between the restrict public-sector wage rises Anselmo Calleja, director of to fire workers, in exchange for low forecasts at the Economy Ministry, wages and a ban on strikes.

Franco also granted businesses very low interest rates on bank

Rapid wage rises following the restoration of democracy, coupled with higher interest rates and other inflationary pressures, such as the 1979 oil price rise, drove many small companies into bankruptcy. This and the recession in Northern Europe, which forced thousands of migrant workers to return home, sent the unemployment rate from 7.5 percent in 1979 to 20 percent in the first half of this year.

"Investment in the private sector is mainly looked at as a way of solving the rigidities of the labor market, rather than as a means of expanding capacity and seeking new markets," a leading banker said.

A bill before the Cortes would permit employers to hire and fire workers on three-year contracts, but the government is not expected dictatorship and state-controlled and to modernize industry, a prounions made it almost impossible cess that will cut out an estimated

60,000 jobs.

the Socialist UGT, the General Union of Spanish Workers, said, This government has the merit of facing facts," and added, "We are ready to make sacrifices to create employment in the long run." The UGT agreed to limit public-sector

wage increases this year to about 7

percent, well below the inflation But Mr. Barrabés described as "monstrous" the privately ex-

pressed opinion of a senior government official that the administration would cease to regard unemployment as its top priority if it were halved to 10 percent. And Marcellino Camacho, secre-

tary-general of the Communist Workers' Commission (CO), insists that full employment is possible. The seven largest private banks doubled their gross profits last year," he said. "Their deposits totaled 22 billion pesetas and we have proposed creating a national soliproposed creating a national soliside-chat format, made little imdarity fund using that money to pact. In June, Mr. González gave
restructure industry and implean unprecedented two-hour news ment full agrarian reform."

The CO has refused to sign any agreements with the González goverament, which Mr. Camacho describes as "right of the Christian (Continued on Next Page)

Criticism of Socialist Policies Rises, but Public Support Holds

By Tom Burns

MADRID - González-style socialism has gradually begun to grow sour in Spain. In the last year, here has been a palpable change in the public perception of the cambio, the change that Prime Minister Felipe González so boldly prom-ised when he won a landslide electoral victory in 1982.

There has not been the accelerated fall-off in support experienced by France's President Francois Mitterrand. Mr. González's personal approval rating has not dipped below 40 percent, a statistic his aides see as encouraging midway through his term of office. But criticism of the government's

policies has grown markedly, and what Spaniards call desencanto, disenchantment, with the adminis tration appears to have set in and is likely to increase.

The beginning of this year brought the most widespread strike movement experienced by Spain for nearly a decade. The last months have seen the consolidation of local nationalist power in Catalonia and in the Basque country, making even more vexed the volatile, unresolved issue of regionalism vs. Madrid.

There are, moreover, two key electoral pledges that Mr. González and his team now wish they had never made but that public opinion in Spain is determined not to forget: to maintain income levels and create employment, and to stage a referendum on continued membership in the North Atlantic Treaty Organization. The erosion of Mr. González's credibility is closely linked to both issues.

Throughout the year Mr. González has made little use of his ability to communicate, which is his greatest political asset. In March, he made his first prime-time television glare of national publicity. broadcast and appealed for wage

There is talk of the Monclos syndrome, after the Moncios Palace, the prime minister's official residence. This ailment seems to cut off the palace's occupant from the ing industries. There were large public and virtually strike him anti-government demonstrations dumb, as once occurred with Adolfo Suarez, the charismatic former prime minister and the chief architect of the post-Franco political transition, who is now in the political wilderness.

Despite the criticisms, Mr. González has kept his initial govern-ment team. But it is an open secret in Madrid political circles that the deputy prime minister, Alfonso Guerra, and the economy and finance minister. Miguel Boyer, are barely on speaking terms, that For-eign Minister Fernando Moran has scarce control over foreign policy issues and that Industry Minister Carlos Solchaga, the lynchpin of the government's key industrial streamlining policy, has been close to resigning because of opposition to his program in the labor move-

Ahead lie the troubled waters of the Socialist Party convention, the first since Mr. González took office. It is scheduled for December. There is unlikely to be a party rankand-file revolt at the convention because, as one cabinet minister put it candidly and in private, "Most of the convention's delepopular austerity measures, the re-gional political setbacks, the ambiguity over NATO and the steadily rising unemployment rate will be critically scrutinized, under the full

Strikes have been the most visifirst four months of 1984, accord-

conference to a panel of journalists, there were 1,451 industrial disputes carried live on all the major radio stations. The performance received workers. The number of strikes was up 22 percent from the corresponding period last year and the number of employees involved rose 142 per-

> Some of the strikes were staged to protest streamlining in loss-makagainst layoffs in steel and shipbuilding. These could spread in the months ahead.

There were strikes in other sectors over pay as employers applied a government guideline of a 6.5percent maximum wage rise. The pay ceiling is below the inflation rate, which is expected to be 8 to 9 percent at the end of this year. The disputes involved a wide cross section, from construction workers to airline pilots and from mailmen to university professors.

The government's economic policy has received the broad backing of the International Monetary Fund and the Organization for Economic Cooperation and Development. Both agencies point out that it is the only policy Spain can apply in order to reduce the public deficit, lower inflation and streamline the economy for entry into the European Community.

The political consequences of isterity, however, when applied by a Socialist government, is disarray within the government's own support. Mr. González's government is, in the main, carrying out the thankless, and ultimately selfgates are on the administration's destructive, task of managing the payroll." But the stringent and unocratic governments in Northern Europe during the last decade.

A pointed indicator of the political and economic climate in Spain is that Spanish business is still not willing or able to invest in the domestic economy. The Spanish restraints. The message, in a fire- ble example of public unrest. In the banks, which are the real owners of Spanish business, are steadily dean unprecedented two-hour news tional Employers Association, ble, to foreign investors. With its

thodoxy the government has alienated its own electoral base but failed so far to create confidence in domestic business circles.

Mr. González's government suffered setbacks in the regional elections in February and April to elect, respectively, the Basque and the Catalan parliaments. In both cases local nationalist parties retained control. In the Catalan vote the Socialist Party was strongly de-

Regional issues were dominant in both elections. The existence of a strong nationalist presence in the Basque country and Catalonia distorts the significance of the elections and makes their results difficult to apply nationally. But a feature of the two elections was the manner in which an aggressively anti-nationalist electoral strategy adopted by the Socialist Party failed to attract middle-of-the-road voters and instead aggravated regional tensions.

In broad political terms, the chief development has been the sharp deterioration in past months in relations between the central government in Madrid and the home-rule governments of the Basque country and Catalonia, the two most developed areas in Spain.

The internal political impact of the government's ambiguity over NATO has been to provide a rallying point for the otherwise dilapidated Spanish Communist Party, which is in the forefront of the Spanish peace movement.

The ill-considered electoral romise to stage a referendum on NATO and the subsequent Socialist hesitations over holding it have served to weaken the Socialist Party on its left. An increase in the Communist vote in the next elections, making inroads into that for Mr. González's party, is likely.

There is a final element in the perception that socialism in Spain

(Continued on Next Page)

Vital Foreign Policy Decisions Delayed

of this year the foreign affairs in of the conservative opposition in the Cortes caused an uproar when he accused Prime Minister Felipe González's govern-ment of pursuing a "red" foreign policy. The opposition took up the theme again when Fidel Castro of Cuba, making a stopover after visiting Moscow, was invited to hinch at the prime minister's official resi-

In contrast, a steadily growing protest movement, spearheaded by the minority Communist Party, accused Mr. González of selling out to the Reagan administration and reneging on pledges to hold a referin the North Atlantic Treaty Orga-

Spanish foreign policy is, of but the two accusations illustrate the ambiguity that often permeates Madrid's external relations.

took office, the Socialist government is still trying to decide whether to remain in NATO, which Spain joined in May 1982. Entry into the European Community has been a gainst being in NATO. They government and of those that preceded it. And events such as a recent visit to Spain by Argentina's

In the course of this year some of
the ambiguities on this issue will be
prompted calls for a "Hispanic resolved. Mr. González has said commonwealth" and an "ibero-

faces in foreign policy. The cabinet course, neither red nor Reaganite, is believed to be evenly split on the NATO. question. Mr. González, whose views outweigh those of everybody else, is probably in favor of remain-Officially, 18 months after it ing. He and his team are extremely evasive on where they stand.

constant both under the present also know that it is difficult to the point of being unprecedented, to

that before the Socialist Party convention, which is scheduled for De-

The NATO issue is certainly the cember, the government will, as a most complex the government government, make clear whether it will recommend remaining in

> He has also said the referendum will be held before the next general elections, which must take place no later than the fall of 1986, and that the referendum will be consultative

There is a final clue to the prime main in NATO under the present status or to return to the defensive it held immediately before entering NATO. The choice would thus appear to be between remaining a NATO member but not a member the integrated military com-

Sea of Red Ink Is Threatening Decentralization

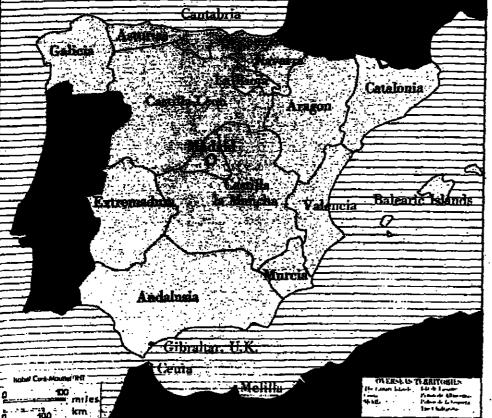
By Victor de la Serna

MADRID - Creating a quasifederal state seemed, to many politicians in the early years of Spain's democratic regime, a cure-all for internal tensions and for the pentup demands of minorities in what for three centuries had been a high-

the Basque country while giving similar home-rule status to other regions — thus placating the mili-

post-Franco era, Spain has been divided into 17 autonomous regions, each with its own executive tary and the conservatives, who objected to any special plan for the Basques and Catalans and feared a plans to moderate the ambitious

ly centralized nation. The "state of autonomies" was devised to satisfy spain's unity. Now, seven years afseparatist feelings in Catalonia and ter the first free elections of the will not be curtailed by any sort of



legislation," said a spokesman for the Territorial Administration Ministry. "There's no question of doing so, since it would entail revising the constitution. But that does not mean that there will be no attempts to rationalize the cost of the system. We have found out that some of these regional governments were rather poor administrators.

Fernando Jauregni, a Madrid journalist, believes a tightening of the financial reins might have results similar to those of a legal reform of the regional setup. Mr. Jauregui created a stir earlier this year with a report in the newspaper El Pais on the costs of the 17 regional governments. The report said they had added 130 billion pesetas to the country's large budget deficit.

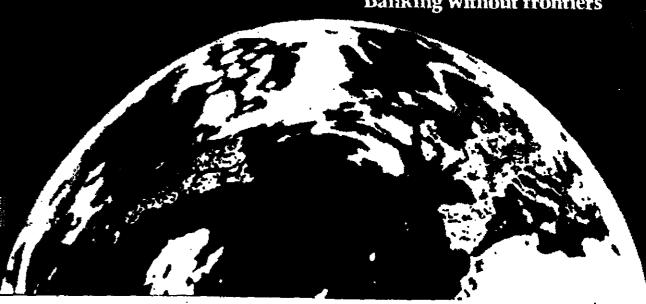
The Socialists are trying to se verely tone down the rate at which expenses and ambitious projects were developing in the 13 regions where they hold office," Mr. Jauregui said. "Madrid can also postpone transferring to some regions those areas of administrative power still in the hands of the central

Belatedly. Spain is recalling the warnings made by Josep Tarradel-las, the veteran Catalan leader, who has said since 1977 that "besides Catalonia and the Basque country, no Spanish region has any tradition of or longing for a home-rule or federal system, so that any artificial creation may become inellective

and ruinous

A general cause for the cost and (Continued on Next Page)

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Paperwork Slows Decentralization Plan

low effectiveness of the system. many officials say, is the inability of the central and regional governments to keep down the number of public servants, which has skyrocketed in the regional administrations without a commensurate reduction in the national administration. In addition, the superimposed administrations are often bogged down by bickering over their respective duties and prerogatives — even, it appears, in areas where a clear legal

Examples of personnel inflation abound. In the relatively low-priority agriculture and fisheries depart- effectiveness as in terms of popular ment of the Catalan government — in a heavily industrialized region there are 57 more high-ranking officials than there were before Cata-

boundary exists between local and

With 17 regional parliaments (all of whose elected members earn salaries). 17 regional governments with about 150 regional ministers and many new regional departments, a whole new class of highranking public officials has appeared overnight. Many regional ministers are as well-paid as their colleagues in Madrid. Indeed, two regional heads of government, in Catalonia and Cantabria, earn minister with Adolfo Suarez's cen-more than \$70,000 each, between trist government, "a purely elector-

poor country with a 20-percent un- of hand in 1980. employment rate, these figures are quite unpopular.

The problem is compounded by and by a lax, imperfect system of As a result, citizens often feel far-

of the Basque country, a local government official and former newspaperman, Jose Ramón Sáiz, re-cently confessed, "Right now we are a failure, as much in terms of support for our government. Except in Catalonia and the

who had long-standing aspirations to autonomy —or independence—for cultural, linguistic and political reasons, are governed by nationalist parties and have shown great interest in the development of home rule. Elsewhere, few citizens know the name of the regional head of government.

In the words of Antonio Fontán. a former territorial administration

salary and expense accounts. That al show of one-upmanship by the is about what Prime Minister Fe-centrists and the Socialists was the lipe González earns. In a relatively primary reason the system got out

Two paths to home rule had been included in the 1978 constitution - a fast one for the "historic nathe lack of a federalist tradition in tionalities" of Catalonia, the Spain, as cited by Mr. Tarradellas, Basque country and Galicia, and a gradual, limited one for everyone regional budgeting and financing. else. But the centrists and Socialists stirred nationalist feelings in Andaremoved from the new system.

In Cantabria, a small region west another, and suddenly every local boss wanted as many rights as the Basques and Catalans.

Now, solutions are difficult to find. Legally, nothing can be done without a constitutional upheaval. All regions have received a large maiority of the administrative powers included in their respective "au-Basque country, indifference to the regional authorities has been wide-spread. The Catalans and Basques, paradoxically, just 70 percent in the Basque country, where mutual distrust has slowed down the pace of transferring chunks of the administration, particularly in health

> While the devolution plan is irreversible, better ways of controling waste and improving the citizens control over spending could be devised. In the hurried process of face up seriously to the way to solve granting autonomies. Little was the unprecedented and difficult foreseen in terms of fiscal and fi- problems created by the new reali-

the Socialist head of the Murcia region, had to resign earlier this year after a bribery scandal, it was discovered that his administration, with a yearly budget of 17 billion pesetas, was preparing a four-year spending plan of 200 billion pese-

Except in the Basque country. regional governments do not collect taxes; they receive a portion of the national budget. But they are free to raise loans in the national and European markets. Direct tax collection by regional authorities has been mentioned as a solution to the problem — it would ensure a rapid rise in popular interest by the local voters in the fiscal plans announced by candidates in regional elections, and make accountability

a more common word than it is

today.

As El Pais stated in a recent editorial, "In order to avoid the self-destruction of our 'state of autonomies' — because of superimposed powers, of malfunctioning decision centers, of the cost of maintaining administrative ma-chineries and of the tribal struggles of small-scale politicos in search of power and money - it will be necessary for all democratic forces to

Government Hopes to Expand Tourism

MADRID — For many people Spain is eral for tourism. "Our slogan in the United virtually synonymous with tourism. But, giv-States is, 'All Europe in a Single Country,' probably the least-known country in Western sporting attractions of the interior."

Last year more than 39 million tourists and day-trippers crossed its frontiers, one for each Spaniard, yet barely 5 percent of them ventured beyond the Mediterranean coasts. the Balearic Islands or the Canaries. Even Madrid, whose Prado is one of the finest art museums in the world, is not named in the official statistical handout on Spanish tourist regions but is classified among "others."

The Monty Python lampoon of Philistine sun worshippers downing imported beer in graceless hotels to the strains of phony flamenco music may be cruel, but it is not entirely inaccuraté.

"We have launched a campaign to break away from the association of tourism with beaches," said Ignacio Fueja, secretary-gen-

en the numbers who inhabit and visit it, it is and we hope to promote the cultural and

The motive is largely economic. Almost half Spain's visitors come from France and Portugal, mostly for brief camping holidays. The strength of the peseta against the franc and escudo cut these visitors' numbers by 1.3 million last year, to 18.8 million, although this was largely offset by additional tourists from Britain and West Germany, who now total more than 10 million a year and who typically stay in package-tour hotels.

Prices for cheaper accomodations have ris-en much more steeply in recent years than in four- and five-star establishments, and traditional tourist centers are close to saturation point. Receipts in pesetas increased by more than a quarier last year but, because of the currency's sharp fall against the dollar, for-

eign-exchange takings shrank (rom \$7.13 hil-lion in 1982 to \$6.84 billion.

in the second

Planners say that, in addition to the United States, there is a large untapped domestic market. Distances between the main popula-tion centers, and the nationalistic outlook of certain regional minorities, mean many Span-iards are less acquainted with their own country than, say, the British or Germans with theirs, Mr. Fueja conceded, "We can never hope to develop a domestic market compara-ble to our foreign tourist trade, but there is room for great expansion.

The streets of the southern city of Granada, for instance, are decorated this year with posters extolling the gastronomic delights of Galicia in the northwest. A shrewd ploy. since while the region of Andalusia contains some of the finest Moorish architecture existing, its most celebrated restaurants, such as

(Continued on Next Page)

is growing sour. In early June the Democrat government, which pre-ceded it." Talks involving the CO. UGT and employers' association th on a national wage pact collapsed

> Despite the employers' declared lion. lack of confidence, there was a "T lack of confidence, there was a large inflow of capital, reversing a plained by the overvaluation of explanation of explanation of explanation of explanation of explanation of explanation of spanial steam points are mitigated by the existence of a large underground economy. In the confidence, there was a plained by the overvaluation of explanation of explanation of explanation of spanial steam points. In the confidence, there was a plained by the existence of a large underground economy. In the confidence of the existence of a large underground economy.

eign exchange holdings increased in the first five months of this year by \$2.3 billion, and economists at a Western embassy said Spain made

derinvotcing when exporters percent rise in automobile production was due to the start-up of the and the civil service that together formed part of a strategy aiming to which turned out 240,000 cars," a which turned out 240,000 cars," a make socialism in Spain irrevers-Western embassy said Spain made

trend that occurred after the So-cialists won the 1982 election. For-derinvoicing when exporters percent rise in automobile produc-

If underinvoicing and overinadvance repayments on part of its voicing suggest that last year's production would have declined." national debt, standing at \$30 bil- trade figures give an exaggerated impression of Spain's real perfor-

Conversely, the government argues that the effects of unemployCriticism of Socialist Policies Increases

(Continued From Previous Page) spied upon, manipulated, threat-An opponent of the Franco dic-Marias published a disquieting and controversial article, entitled "Freedom on the Wane," in the conservative Madrid newspaper

Professor Márias' theme was stung Mr. González into saying that under Mr. González's government there had been a steady enlessons in liberty from the profesthat under Mr. González's government there had been a steady encroachment of the liberties that had characterized the post-Franco period. The Socialist administration, he said was carrying out subtle Many Spaniards would probably changes in education, the justice

He wrote that "exasperation" was setting in, and added: "Innumerable Spaniards, of all the social But a year ago no Spanish intellec-tual of repute would even have advanced such a thesis. Professor Má-

tatorship, who because of his stand was denied a university chair dursensation. ing the Franco era, Professor Márias is no reactionary polemicist. His broadside on the government sor or from anyone else since he had devoted his life to the cause of

say that the professor had had overstated his case. Mr. González is in fact criticized by the left wing of own party for his caution. They say the prime minister has not traveled far enough along the socialist road. rias' article caused something of a

Despite everything, Mr. González retains a large measure of the widespread personal popularity that swept his party to power. The noting that he combines pragma-tism and decisiveness with idealism and compassion continues to stick. The desencanto of the past months has much to do with the facts that too many hopes were placed in the young and inexperienced team Mr. González headed and that not enough was known about the se-

Members of the government when discussing the drop in support, make the salient point that the dip in the backing for the So-cialists and the eruption of labor discontent is not matched by any marked increase in popularity for the conservative opposition. Thus, the stability of Mr. González's goverument often appears to owe more to a negative aspect -- absence of a credible alternative - than to posi-

tive support.

Manuel Fraga's conservative opposition movement, Coalición Popular, had a negligible showing in the Basque and Catalan elections. Spaniards who when polled say that life has not improved under vere economic problems it inherit-ed. So far Mr. González himself has Mr. González also say that it would

Unemployment Continues to Counter Economic Gains

in January.

source said. "Without that Spain's

Important Foreign Policy Decisions Remain

escaped the brunt of the criticism.

(Continued From Previous Page) mand or maintaining bilateral de-

fense accords with the United States. Either way, neutralism is ruled out.

These options please nobody. Spanish peace marchers call for an end to NATO membership and the dismantling of the four U.S.-Spanish bases of the bilateral pact. The pro-NATO side wants full integration in the alliance; Spain withdrew from the military command imme-diately after Mr. González took of-fice. Other NATO members are unlikely to allow Spain to be a special case, refusing to join the military command, for much longer (though France pulled out of the military command in 1966). The United States, for its part, urged Spain to be a NATO member precisely because it did not want the bilateral agreement that Mr. González puts forward as his second option.

Governing the NATO question in a manner that is not always perceived outside Spain is the issue of EC membership. If Spain is offered unacceptably harsh terms, or inwill certainly withdraw from NATO. Favorable terms to accede to the Treaty of Rome would make been the attempt to mend bridges

the task of the Spanish pro-NATO lobby immeasurably easier.

The present schedule calls for EC negotiations to be completed by September, to allow accession on Jan. 1, 1986. But nobody is making any bets. The EC's budget problems may delay enlargement indefinitely. The terms, especially transition terms for Spanish agriculture and the timing of bringing down tarriffs, might simply be 100 tough for Spain to contemplate. A byword now among Spanish public figures is that "Spain cannot join at any price." A year or so ago nobody was saying that.

EC entry would end the ambiguities of Spain's foreign policy. There is no practical basis for the nonaligned. Third-World-leaning visions of an "Ibero-American community," although the emotional and cultural ties are real enough. More than half of Spain's trade is with the EC, againt about 5 percent with Latin America.

As Spanish officials see it, the real stumbling block to an easy geous feature of foreign policy in terrorism in Spain's Basque coun Mr. González's administration has try is to be contained.

with France. The credit in this is due to Foreign Minister Fernando Morán, who recognized the futility of the bids by previous administra-tions to enter Europe in spite and in defiance of France. In a 180-degree turn of previous policy Mr. Moran began using new language, arguing that Spain would only enter Europe if France were making the introductions. Mr. Moran used enthusiastic terminology and talked in terms of a "family pact," recalling the times when France and Spain were ruled by Bourbon monarchs.

In the event, far less has been chieved than had been hoped for in terms of EC entry, and the stumbling block remains. There has been, however, a key consequence of the changed official attitude to-ward France, which has had a direct impact on Spain's internal stability. The past months have seen intensified cooperation between France and Spain over controlling the Spanish Basque refugees in southwest France who form the kernel of the separatist movement passage into Europe remains ETA. Action against ETA havens

- TOM BURNS



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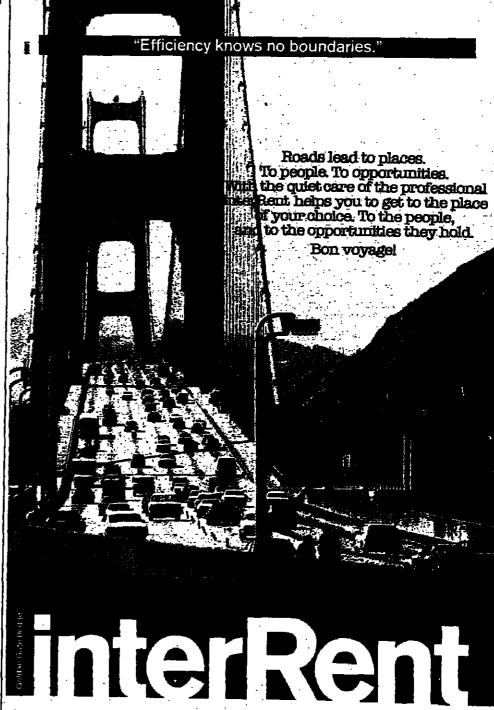
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معددا من الاجل

By Vivian Lewis

MADRID - Both sides agree: What's good for General Motors is good for Spain. The authorities are ment incentives, tax advantages. For these carrots, investors submit to the stick: performance requirements on export volume, balance of pa) ments contribution, local content. Everyone wins.

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State of the North Age

A respected independent economist calculated that in 1983 General Motors alone accounted for 60 percent of the total national increase in production of manufactured goods. In the absence of alternative domestic sources of investment — because banks lack lending capacity, because Spanish industrialists lack cash — new plants and equipment in Spain have to come from foreign inves-

The scale of the GM plant near Zaragoza, employing 9,800 persons and exporting 198,000 cars in 1983, means the economy cannot do as well this year as it did during the start-up period. But in 1984 to date, Spain has won a few more major international investments: Firestone, in a new tire venture; Lesieur, in table oil; Arco, in polyeth-ylene (buying out family interests in Arrahone); Anheuser Busch, in a sixth industrial-scale bakery for its Bimbo breads; Nixdorf, with a new Toledo electronics plant; Spitfire, with a Malaga assembly line for helicopters, making 32 craft in 1984 and 400 a year by 1989.

Talks are going on about high-tech investments by Olivetti (computers), Fujitsu Fanuc (robots) and Hitachi (computers and video cas-

sette recorders). Last year, total foreign investment was 158 billion pesetas. Beknown to the U.S. Embassy in Macause the GM contribution ended drid of companies failing to meet when its plant was completed last performance requirement levels. As year, this was a 13.5-percent drop from the total of 193 billion pesetas quirements are enforceable, if comin 1982. And the United States lost panies could be made to turn back its billing as top source — to France. This is not surprising giv-en the long border France and Spain share, but it should help lay not usually there merely because of to rest an accusation commonly heard in Paris: that Spain is used as are lured to Spain as much because

vear came from European Community countries.

U.S. automakers, unlike French supermarket or bank owners, are good for Spain. The authorities are doing their utmost to welcome foreign investors, with priority financing development zones, investment incentives, tax advantages.
For these carrots, investors submit plant, "In fact, last year we exported 82 or 83 percent," he said, GM also got targets for local content in its cars: 50 percent at the start, and 60 percent within two years. Again, Mr. Oraa said, "by last August we running at 62 to 63 percent." The company also made commitments on its impact on the Spanish trade balance, agreeing to export 125 percent of what it imported. The target was surpassed, at 140 per-

Mr. Oraa believes these so-called performance requirements "would not remain legally valid if Spain was in the EEC." He said: "Of course we are doing better than the targets because we feel that it is good for us. But the only thing that would still apply during an EEC transition period would be the import duty on foreign cars sold in

That is no small figure. Patrick Byrne, president of Ford-España. said that "duties and taxes on imports come to 60 percent of the price of a car."

Mr. Byrne's company was subject to the same export rule but the local content requirement on Ford is only 55 percent. "Our assumption is that performance requirements will be removed," Mr. Byrne said, "but we can't afford to act on that assumption until we are sure."

The foreign presence in Spain is not wholly dependent on incentheir investment incentive funds or tax rebates.

A new plant set up in Spain is incentives. Foreign manufacturers

Expanding Tourism

El Caballo Rojo, opposite the mosque in Córdoba, are at best mundane

The chief obstacle to opening the interior is lack of communications beyond the road and rail networks radiating from Madrid. Main line services are excellent. The Talgo express introduced in the late 1960s remains superior to anything in Europe except perhaps the most modern French trains, and those have less kg room. A first-class ticket from Madrid to Córdoba costs 3,318 pesetas, significantly less than the cost of traveling a comparable distance in France; a good three-course meal comes to about 1,500 pesetas, wine. coffee and

But between Cordoba and Granada, two of the four principal cities in Andalusia, there is no direct rail link. Three daily buses take about five hours to cover 100 miles (160 kilkometers), stopping in numerous villages. It is a pleasant journey in late spring when the fields are full of poppies and cornflowers after an unusually long and wet winter. To attempt it in summer, when temperatures may exceed 40 degrees Celsius (104 degrees Fahrenheit), would test the spirit, especially of those with young children.

Not all officials share the enthusiasm of central government plan-ners. Julio Anguita, mayor of Córdoba, believes that "the future of ners. Julio Anguria, mayor of Cordooa, believes that the futilite of Cordoba lies partly in the past." But he quickly added that the Moorish caliphate, which ended in 1236, should be an inspiration rather than a tourist attraction. "We want a city full of beautiful gardens and libraries," he said. "Tourism is fine so long as the people do not sell themselves. Cordoba is not a prostitute. There will be no fun palaces here."

Mr. Anguita is the only Communist mayor in Spain, something that surprised at least one American couple in the luxury Maimonides hotel in the elegant historic center, where every house seems built round a flower-filled patio.

— ROBERT HOLLOWAY

Islamic Heritage Is an Issue in Andalusia

quered!" The line, spoken by a crippled medieval warrior, produced a storm of applause when Antonio Gala's play "Las Citaras Colgadas de los Arboles" was first performed in Madrid a year before Franco's death in 1975.

Thest express interpreted his crit

Theatergoers interpreted his crit-icism of Ferdinand and Isabella, the Catholic monarchs who expelled the Moors from Spain in 1492, as an attack on the modern church for supporting Franco's dic-

Franco, who had done his share of conquering Spanish cities in the 18th century. The bishop man-Civil War, encouraged the cuit of aged to block the sale, but the "Los Reyes Catolicos" because, church of Santa Arma remains Mr. Gala explained in a recent in-terview, "religion was the only force capable of binding so divided

not allegory. Almost five centuries later, he said. "Spain is inexplicable without Islam," although there is scarcely a Moslem left in the coun-

try.

The theme has been taken up by autonomists, artists and politicians your mayor; you are not my bish-

should never have been recon- that includes Granada, Seville and region's most successful singers, edness as well as enlightened rule." Córdoba.

Julio Anguita, the Communist mayor of Cordoba, said he doubted that there were now more than 20 Moslems in the city, which once had 3,000 mosques and was, after Baghdad, the greatest political and cultural center in the Arab world. But he found surprising public sup-port when he tried in 1981 to sell a

disused Catholic church to an Arab The move recalled the destruction of much of Cordoba's magnificent 10th-century mosque, which was converted into a cathedral in

closed. Local newspaper files con-tain letters of support for the may-A casual conversation reveals But he insisted that his play was that people remember with mixed admiration and amusement the bitter public exchange of letters be-tween mayor and bishop that culminated in Mr. Anguita's "I am

This might seem populist poli-

spirit of Andalusia is anarchist."

veloped religion," but, Mr. Cano said, "People here have always resented authority, and the church has a weaker following than in other parts of Spain."

The autonomous government of Andalusia, created after the restoration of democracy, recently agreed to withdraw from schools a history book that referred in derogatory terms to the anarcho-syndicalist agricultural workers' movement that flourished in pre-Franco ways. Just like the Arab world. days.

The association of Islam with anarchism may strikes a visitor as incongruous. But, according to a journalist, Antonio Ramos, author of "Pasaporte Andaluz," a study of emigration by unemployed Anda-lusian workers to Northern Europe, "the word Islam means something different here."

The caliphate, which lasted in Cordoba until 1236, and the later rule of Moorish kings in Granada

GRANADA — "Granada in Andalusia, the southern region ticking, but Carlos Cano, one of the were "periods of great broad-mind agrees with Mr. Augusta that "the he said. The intellectual achievepirit of Andalusia is anarchist." ments were extraordinary. It was in The bishop had claimed that Ca- Andalusia that the Arab philosotholicism, unlike Islam, was "a de- pher Averroes rediscovered Aristotle for the West.

Mr. Gala agreed that its glittering past makes Islam a focus for autonomist sentiment.

"The mutual fascination of the Arabs for Andalusia and vice versa was a source of cultural cross-fertil-

ization," he said. "Andalusia was not a dream. It was a reality, full of tensions, which

can be seen here today. Militant Islam and Andalusian autonomy have at least one thing in COMBINOD

whose most brilliant achievements

Just as many fundamentalists seek to unite a divided Arab world through Islam, Andalusians commonly remark that, through autonomy for its regions. Spain may achieve a unity that was only skin-

deep under Franco.
--- ROBERT HOLLOWAY

The New Spanish Cooking Earns Higher International Marks

- James de Coquet, "Propos de Table."

MADRID - No more than 20 years ago, even those who like James de Coquet, a renowned French a way to explain that there was something, well, all or most regions, such as pasta in Italy or cooking strange about it. Today, a flurry of culinary activity with butter in France. and creativeness is overcoming prejudices about Span-

habits is thus slowly crumbling.

The French have had a large part in putting down spanish cuisine. As the historian André Castelot writes: "Back in the 17th century, Spanish cookery writes: "Back in the 17th century, Spanish cookery cooking and the state of the cookery writes." had a very bad reputation, at least among the French.

A 'plat à l'espagnole' meant an inedible dish." The
reputation has endured.

The roots of the misgivings were often justified; witness the Spanish habit of overusing a good thing by drowning concoctions in too much olive oil. Some were unjustified, such as the American belief that Spanish food is hot and spicy, like Mexican food, which in fact is entirely different. Much has been swept aside by the wave of creative-

"They used to say that in Spanish inns one east only and interesting than what the French do," said Ramon what one brings there. That is no longer true, of course.

But it is indispensable to bring a palate devoid of any prejudice."

Ramirez, one of the leading chefs in Spain. "We can create within a much greater diversity than they have. There is no Spanish cooking, but rather many regional traditions, entirely different from one another. Cooks have a huge array of products and habits from which

to gain inspiration. It is said that Andalusians fry, Castilians roast and Basques stew. And Spain does not have the sort of food writer, said they liked Spanish food always found common culinary trait that in other countries unites

Foreign influence in the rebirth of Spanish cooking cannot be denied. The Basques and the Catalans, with and creativeness is overcoming prejudices about spairish cooking, which is emerging more as original and cannot be denied. The Basques and the Catalans, with a stractive than as strange and disconcerting.

A long history of misgivings about Spanish eating the first to realize, appreciate and imitate nouvelle cuisine in the early 1970s. Their influence later extend-

Nowadays, no leading thef wants to talk about nueva cocina — it is no longer a fashionable expression. But they all say they like to create from regional traditions by adding a surprising or exotic touch, or by simply making lighter versions of old dishes.

Also important in this movement is a new breed of well-educated, articulate and well-traveled cooks. This is particularly startling, for the social status of cooks in

Spain had been depressingly low.

Mr. Remirez, 30, is the scion of a well-to-do Basque family - from which he has inherited the shiny old Bentley he drives around Madrid. He has earned two an "aircraft carrier" by U.S. and of the vast potential market: There I Japanese multinational corporations to invade Western European Spaniards, for example, compared to between 300 and 400 per thoumarkets. In fact, 63 percent of all to between 300 and 400 per thousweetbreads in a pastry casing with a puree of wild

The Paul Bocuse of Spain and, at 41, already a father figure to the culinary movement, is Juan Mari Arzak of San Sebastian. A former engineer, he opened his restaurant 17 years ago. He moves back and forth between creations — a fish of the day with a creamy green pepper and sage sauce — and rediscoveries of Basque dishes, such as a capon soup, the kapoi sopa, or white tuna fillets, oven-stewed with tomato.

"During these years I've seen with much satisfaction that cooks and cooking are finally reaching, in Spain, recognition as artists and art," Mr. Arzak said. *For us Basque cooks, the trend to creativeness has

been a breath of fresh air," he said. "Let's face it, our repertory of dishes was short. It's so much more varied The main rival of Arzak as Spain's best restaurant is Zalacain of Madrid, the creation of the restaurateur

Jesus Oyarbide and the chef Benjamin Urdiain. In his new guide to 57 cities in Europe and the United States, the British restaurant critic Egon Ronay makes Zalacain one of only 12 three-star restaurants - a higher rating than he gives Mr. Bocuse or any restaurant in the United States. Also in Madrid, Inaki Oyarbide, the 24-year-old son

of Zalacain's owner, has enthusiastically taken over the Principe de Viana restaurant and introduced many novelues — including a constant search for fine raw materials. "Would you believe I've finally been able to get real brook trout?" he delightedly told a client. "A fisherman in Leon province sends me a few every day. I could hardly recognize the taste after all those aquaculture products."

Women figure prominently in the new wave of cooks. Tota Roqué of Azulete and Rosa Grua

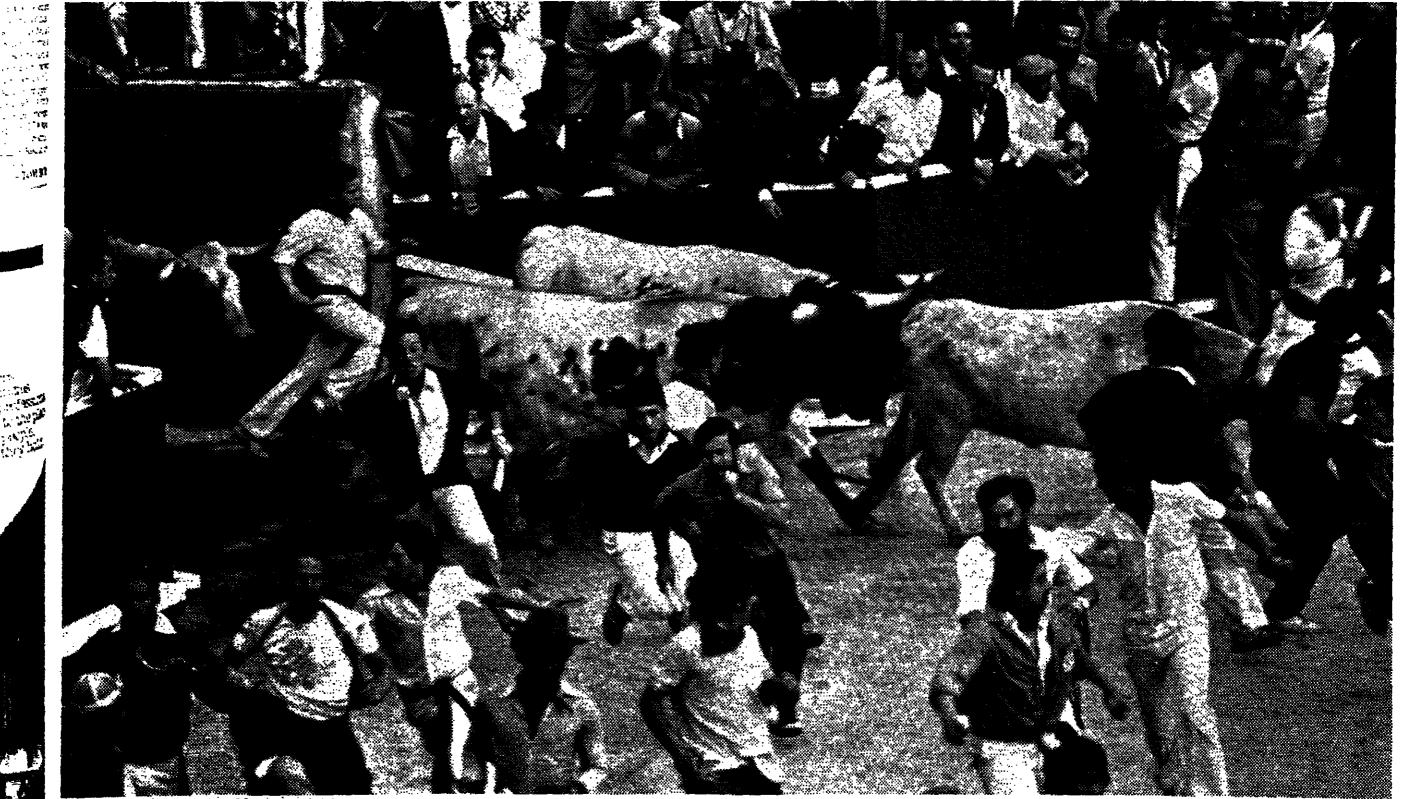
Florian are among the best chefs in Barcelona, a city that has probably surpassed Madrid for the overall quality of its restaurants, according to most Spanish critics. And in the mule-chauvinist environment of Basque country - where traditional "gastronomic societies" are as closed to women members and visitors as old Pall Mall clubs - Tatus Fombellida of Renteria's Panier Fleuri has earned the restpect of her male counterparts.

Self-made cooks, like self-made painters or novel-ists, are also to be found in the highly individualistic Spanish society. Abraham García, 34, is a good case in point. Up to the age of 14, he was a shepherd in the poor La Jara region of Toledo province. He then worked as an apprentice at Club 31, a Madrid restaurant known for its routinely classical cuisine. When he set out on his own, without any contacts with innovative colleagues in France or Spain, he started developing his own style at Viridiana - he is a fan of Luis Bunnel - a modest, tiny place with the mock-Castilian look of a Spanish restaurant on New York's 14th

"Giving a little inventiveness to an old dish is a wonderful way to make people order such things as a fried egg or some blood sausage, which are so old hat," Mr. Garcia said.

"The new generation is so different from the old clients. They don't mind at all eating their duck magret very rare, or to know that I add bitter chocolate to the lentils with which the duck comes. But when an order for plain fried sole comes in, I don't have to guess the client's age. Fried sole is fine, but for so long it was all we ever had!"

- VICTOR de la SERNA



And all you expected was sunny beaches.

Spain also has flaming mights. Festivals, colorful relebrations deep-rooted in history, are everywhere, and seem to take place at all times.

There are, in fact, more than 3,000 festivals a year in Spain, spaced out through all twelve months. And they're not just speciation sports. Even tourists get swept up in the mood and take part in the parties. For example, "La Feria de Sevilla". A gigantic festival in which the gainty of the Andahusians manifests itself in all its splendour. Magnificent horses, beautiful women

and plenty of sherry. You can't be here in April? Then come in July to the

"Fiesta de San Fermin" in Pamplona, immortalized by Ernest Hemingway. This picture shows an "encierro" in which bulk run through the streets of the city with thousands of young men who sing, dance... and run.

Or see the famous "Apostle's Fire", a monumental fireworks display on the eve of the feast of St. James at

Santiago de Compostela. Whenever you come, and wherever you go in Spain. you'll find a land rich in folklore and people eager to explain it and share it with you.

When you've had enough beach for one day, just ask "where's the Fiesta tonight?"



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Investment in Industrial Plants Lags

rate is the highest in Europe. The part-owned by Alsthom of France, by cabinet ministers. Traditional public-sector deficit is forecast to grow 29 percent this year and will soak up one-16th of all Spain can produce - nearly double the level of two years ago.

Apart from foreigners, no new rvestment is going into Spanish ndustry - and there has been no net new investment in plant or equipment in Spain for a decade. In annual report on Spain pubished last mouth, the Organization for Economic Cooperation and Development predicted that gross fixed investment would remain flat in 1983, and grow to 2.4 percent this year.

Despite the gloomy facts and figures there are a few bright spots, such as an underground economy, where many of the jobless are in fact working; a disappearing trade deficit; and, most of all, an industrial sector stronger than the bankuptcy numbers would indicate. To be sure, the Rumasa group,

which was nationalized to save it from financial collapse, was the largest private conglomerate in Spain and owned half the country's banks. Its debts topped 25 billion pesetas. Another financial group, Banco Urquijo, was saved by a shotgun merger, and with it more than 200 industrial companies. The failure of Barcelona-based Banco Catalana may cost the government more than 225 billion pesetas.

According to the OECD, publicsector companies are also deeply in the red; 23.7 billion pesetas for Iberia Airlines this year, 33 billion for the Seat automaker, 173 billion for the railroads, 93 billion for the rest of the Institute for Industrial Development. Nor have foreign companies escaped — or so it seems. In November, Westing- also wants to develop new indus-

MADRID — The roll call of house S.A., a subsidiary of the U.S. tries in Spain, such as semi-conductorist companies that have company, went into receivership, tors and bioengeering, sought protection from their crediIn January, General Electrica susDespite these plans, the governtors sounds like the Spanish For- pended payments to creditors; the tune 500 of a few years ago. At 20 former subsidiary of General Elecpercent, Spain's unemployment tric of the United States is now ery. Its budget was scrapped over

> The anemployment rate is expected to rise even without new bankrupicies, and only about a quarter of Spain's unemployed are receiving benefits. Government restructuring measures will result in losses of 10,000 jobs in steel mills, 20,000 in shipyards and 30,000 in other industries. The state hopes that measures favoring new jobs in advanced industries will create three times as many posts as the 60,000 to be lost. But that would leave 2.7 million - one Spanish worker in five — on the unemploy-

Still, some of Spain's most nota-ble recent business failures have already been reversed. Aluminio Español, which suspended payments in 1982 after debts topped 57 billion pesetas, expects to return to profitability in 1984. The chemical group Explosivos Rio Tinto, which lost 15 billion pesetas last year, also expects to return to the black this year. Bits and pieces of the Rumasa empire - a bank here, a wine company there — are being bought from the state to be refloated. Europrix, a retailing chain of the Banco Catalana group, is being bought by its employees.

The U.S. companies that sought court protection from their creditors were actually seeking protection from their workers. Under Franco-period laws, still in force, it is all but impossible to dismiss workers. In Franco's day, this was accompanied by a law against strikes, which has been suspended. The Socialist government, as part of its plans to modernize the econo-

ing the crisis rather than the recovlarge companies in heavy industry have won most of the funding "even if small companies account

for 80 percent of jobs," said Eco-nomics Minister Miguel Boyer. "We cannot abandon heavy industry," Mr. Boyer said in a recent per Le Monde. "We are obliged to invest a maximum of funds in large enterprises. That is our paradox." As a result, small Spanish com-

panies still have to finance themselves, unless they are Basque cooperatives. Banks, for reasons that are not always appreciated, lack the means to lend to risky ventures. Spain's most successful young en-trepreneur, José (Pepe) Barroso Perales, 23, owner of the Don Algodon knitwear and retail company, said that "in the United States you can find finance with an idea; in Spain you need to have money behind you." Now that Mr. Barroso is successful, he can get bank financ-ing — but he remains sole owner of his company. He may be young but he is typical of Spanish entrepreneurs in that.

The perils of self-finance are not only sacrifices and toil. Even when a company has been successful in innovating, in exporting, in earn-ing, a one-man show means trouble. case, uncertainty surrounds the effect on Don Algodon of Mr. Bar-

ny when he was kidnapped by Basque terrorists and held for 90 my, is committed to trying to business — nephews, he feels, are intropean company is with the change the law on dismissals. It not competent to run the enterprise plied to Spanish companies.

— VIVIAN LEWIS

"When my daughter was in charge everybody said she had a lot of character," Mr. Suner said. But he ment has been caught up in manag-still worries about leaving the business to her and has designated a young grandson as eventual heir.

Overcoming anti-feminist pressures was easier for Dolores Sala at Freixenet, maker of what the Catalans call xampany (pronounced champagne"); her husband and sons were killed by the Franco forces during the Civil War. Unlike many Spanish companies, bers is incorporated, and various members of the family, not just the president, José Ferrer, own shares, are in management or sit on the board.

A nearby wine company, Torres, is, however, the sole property of its owner, Miguel Torres Sr., 74, and will be liable to large inheritance taxes when he dies. Family disagreements are so acute that his daughter Marimar Torres, who built up a U.S. marketing concern for her father after having had to fight for every peseta she spent, finally quit to go into the cookingbusiness. His son and heir. Miguel Torres Jr., an oenologist, fed up with the short leash he was kept on, left at the age of 40 to continue his studies at Montpelier University. Miguel Jr. is now back, but when asked about changes he had made following his studies, he brushed off the question.

The typical Spanish family business does not publish balance-sheet accounts. Only when a company needs bank funding or is seeking to lure in outside capital is data made roso's doing his military service.

Luis Surier's daughter ran his nessmen are proud not to borrow ice-cream and frozen foods compa-Spain gets into the EC, more information will be made available, bedays. But Mr. Suñer, an indomita-ble 74-year-old, has no grown est to work out deals with the grandchildren interested in the native entrepreneurs and because cause foreign bidders are the likeli-

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Aresbank

The following are extracts from the speech delivered by the Chairman of the Board of Directors,

- Net income for 1983 before provisions for possible loan losses and income taxes amounted to Pesetas 3.821 Million, equivalent to US\$ 24.38 Million. Net profits after income taxes reached Pesctas 1.561 Mi-
- bank's share capital to reach Pesetas 10.500 Million, On December 26th. Pesetas 1,500 Million were
- disbursed, thus bringing the paid-in capital to Pesetas 6.750 Million at
- satisfactorily, while our new office in Marbella will be opened this
- tory development.

Banco Arabe Español المسرف العسري الاستناني

Mr. Abdulla A. Saudi:

The Barcelona branch is performing

have also continued their satisfac-

- Total foreign currency and Peseta Our two main subsidiaries Banco de deposits at the end of the year totala Exportación and Arestrade sholled the equivalent of US\$ 1.347 wed profits of Pesetas 162 Million and Pesetas 170 Million respecti-- On May 26th. 1983 the General vely. Our other subsidiarles. Aresleasing. Aresinver and Areservice Assembly decided to double Ares-

Audited balance sheet* (in millions of Spanish pesetas) - December 31 st

ASSETS	1982	1983	LIABILITIES AND SHAREHOLDERS' EQUITY	1982	1983
Cash and Bank of Spain	939	251	Deposits	5.426	6.233
Due from banks	112.672	125.784	Due to banks Cash bonds	165,864 3,700	200,877 3,700
			Accrued interest payable	3.453	2.969
Loans and bills portfolio	67.509	91.908	Rediscounted bills in Bank of Spain		_
Provision for possible loan and bill losses	1.676	2,599	Notes payable and other habilities		1,458
			Current income tax	291	418
	65.833	89,309	Other liabilities	1.446	2,150
				182.697	217.805
Securities portfolio	5,533	7,729	Pension plan	-	6
Bank premises and equipment			SHAREHOLDERS' EQUITY		
net of allowances for			Share capital	5.250	10.500
depreciation	1.076	1,412	Capital increase not yet paid-in		3,750
Accrued interest receivable	3.959	3,131	Paid in share capital	5.250	6,750
Other assets	1.012	2.018	Retained earnings	1.527	3.512
	1.012	2.010	Net income for the year	1.550	1.561
•				8.327	11.823
	191,024	229.634		191.024	229,634
Acceptances, documentary cre	dits.		Acceptances, documentary credits		
guarantees and notes with			guarantees and notes with		
bank endorsement.	32,725	53.732	bank endorsement per contra	32,725	53.732
	223,749	283.366	-	223,749	283,366
•	====				====
i	Mid market	rate exchai	ige: 1 US\$ = 125 m Proc 1982		

Household Appliances Sector in Slump

MONDRAGON—The Spanish ducers' association, and a study of percent rather than the corporate pick up further. Among the advantage white goods' sector—household innovative Spanish enterprises by rate of 33 percent. With this edge, tages he cites is the special statute, appliances—is in difficulty. the Asociación para el Progreso de cooperatives are supposed to be which means that Ulgor reinvests Losses in 1983 topped 8 billion pesetas, compared with 6 billion in 1982. The 15 producing companies. which employ 18,000 people (down 10 percent from the previous year), had volume of 120 billion pesetas. A further 3,000 jobs in the sector are to be cut this year.

To help salvage the situation, the Spanish government has assigned companies in the sector to three groupings, following a study by the McKinsey management consultan-cy group. The lead company in two of the groups is foreign: Philips of the Netherlands, and Zanussi, an Italian company just sold to Electrolux of Sweden. Only the third grouping is headed by a Spanish company. Ulgor, maker of Fagor, Aspes and Novelty stoves, refriger-ators, dishwashers and washing

tive, with a total of 2,000 employees. Mr. Larrañaga, as a top maner, is paid a maximum of three dragon, the small Basque town where the company is based. Because of this advantage over

its rivals, Ulgor's losses in 1983 were a moderate 205 million pesetas - much of it accounted for by unpaid sales to Algeria, the result of a diplomatic dispute. The loss was made up with a salary cut,

la Dirección praised Moulinex, able to create a social fund to en-braun — and Ulgor. to maintain reserve ratios and the able them to avoid layoffs even in cooperative movement each year. periods of trouble. The fund ab-Ulgor is a very peculiar company, among other things because it is not a company at all but a cooperation of the case of Ulgor, reserves --- coupled with the Spanish system of cascaded turnover taxes, where the special statute govtimes the wage earned by the lowli-est assembly line worker in Monto create a series of companies downstream, in machine tools, brochure-printing and component, making as well as alongside, inindustrial-scale refrigerators and freezers or kitchen cabinets, for example. The strength of the coopera-

tive is greater than that of its parts. In an industry where exports are

Another is the Basque "border country" mentality, which made Ulgor international "even against the national concept of autarky, which dominated Spain from the Civil War to the 1950s," Mr. Lar-

Because of its long export history, Ulgor has two distribution companies in West Germany, three in the United States and four in Britain, and is running a joint venture

The social character of Ulgor it was founded by Jose Maria Arizmendi-Ar-rieta, a Roman Catholic priest, in the 1950s, with intellecturedistribution of profits between all Spain have doubled in three years al debts to everything from Spanish the cooperatives in the group — Ulgor has done even better, exnotably the two profitable coopera-porting one-third of output, 70 per- and social Catholicism to neo-Thowon recently. Its export manager, Jesús Larrañaga, has been named to head the electric appliances pro
won recently. Its export manager, Cooperatives are more lightly taxed under Spanish law — at 18

that to France. The French have so peculiar (above all in being successful) that a team from Cornell bowever, charging that safety standards are not being met.

Wr. Larrañaga expects things to mism—is also a force. Its system is so peculiar (above all in being successful) that a team from Cornell University is studying the model and its potential applications. tives making electric and electronic cent to the EC, and 70 percent of mism—is also a force. Its system is components for household applitude that to France. The French have so peculiar (above all in being suc-

Banking Problems Hinder Investment

MONDRAGON — This small more than a century old, was rement coefficient accounts, which Basque town is a forcing bed for cently the subject of a shotgun yield banks an average of 11 pernew Spanish companies, the closest Spanish equivalent to Silicon Valley. But Mondragón, in the footbills of the Pyrenees, is still typicalSpanish government — the only ly Basque in the way it hatches new

Basque country is the center of a the Industrial Development Instisuccessful cooperative movement tution, has poured money into in industry, and new companies are smokestack companies. It has the created by hiving off workshops or same problems as the private inassembly lines or, to an increasing dustrial banks — and its losses last extent, services from the parent cooperative. With a taste for managerial autonomy and small-scale en- Economic Cooperation and Develterprises, the Basques of opment. Mondragón and its region have created more than three dozen new market, has not yet numed into a companies in the last two years.

Here are all the components of ment funds, despite a rise in the the Silicon Valley syndrome: a uni-index. Both investors and the eatreversity, research labs, a factory tra- preneurs are suspicious of the nardition consultants in economics, marketing, management and trou-ble-shooting to hand, and venture capital. The only difference is that they are owned in common.

University of Barcelona, there is money for modern venture capitalence of industrial development lending has been unhappy. And, for reasons related to the economic situation and government policy, money is in short supply for risktaking ventures.

In most of Spain, unlike Mondragon, when people have business ideas they have trouble funding. They also have trouble finding advice on markets and contacts, on structuring their enterprise, on dis-tribution. For someone like Luis Suiter, who founded a food-processing company, the lack of bank-ing advisory services means that operating from the provincial town of Alcira, he must try to line up on his own the international distributors for a line of pouch-packaged

paella Valenciana Spain's industrial banks, a combination of holding company and cit) with a further 12 percent of investment bank, are in a deep crisis, which helps explain why busi-nesses as different as the Mondra-below market. Finally, money supgon cooperatives and the Luis ply restrictions (to fight inflation) Sincer Corp. have to act on their require that a further quarter of own. The industrial bank Urquijo, deposits he immobilized in invest-

merger with a large retail bank,

way collapse could be avoided. nterprises. The agency Franco established Almost alone in the world, the in 1941 to help develop industry, according to the Organization for

The Bolsa, the Spanish stock mechanism for mobilizing investrow, insiders' market.

Commercial banks, too, are in difficulty. As a result of the Rumasa debacle, last year 52 Spanish banks - half the nonforeign banks Here, or in the purlieus of the that existed - failed or were rescued by merger or nationalization. It is the largest banking crisis since ism and industrial investment. But the 1930s anywhere. At risk are for most Spanish banks, the experimore than one-fifth of Spanish banking assets.

The Socialist government, while stopping short of nationalization, has, according to an economist at one of Spain's seven biggest banks, put a burden on the banks "out of a combination of Jacobinism and monetarism." Under the latest Spanish regulations, 57 percent of all deposits taken by Spanish banks must be put at the disposal of the state, and is, therefore, unavailable to lend to clients.

Spain has a 20-percent cash reserve requirement (15 percent at zero interest and 5 percent at the 13.5-percent base rate). U.S. regulations, in contrast, require banks to put 3 percent of their deposits into reserves. Spanish banks are also required now to buy Treasury hills (to help cover the budget defitheir deposits, up from 10 percent

cent (except for favored categories

profitable. Although the first-quarter results were better, the Spanish of lending, for export, capital Private Bankers' Association ex-(Continued on Next Page)



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Automobile Industry: Mixture of Free Trade, Protectionism

FUENTE DE ALMUSAFES — The Ford Fiesta plant here is the for 28 days in the last two years, to most modern in Europe, according to Patrick P. Byrne, president of leader, FASA-Renault, has shut for to Patrick P. Byrne, president of leader, raph-remains, and Ford España. And at 1,240 cars a 70 days so far this year. Even GM, day, he said, "productivity is on a a target for a Communist union, par with any other Ford plant." At Figueruelas, near Zaragoza, Gener-al Motors' slick robotized equip-output in West Germany continues al Motors' slick robotized equip-ment turns out Opel Cozzas. The latest in quality control is being applied at the Patrol plant owned by Nissan near Barcelona.

Spanish application of international automaking technology is coupled with import barriers that all but close the border to foreignmade vehicles for sale. The complicated system includes duties, paid by the customer; regulations pegging the value of imported vehicles to a company's exports -- any automaker has to export 125 percent as much as it imports - and quotas on the number of foreign vehicles that can be brought in

the Stage

. . .

er in Slump

While the production system is increasingly geared to push up for-eign sales of Spanish-made cars, any goal of efficiency in the Spanish auto industry is hindered by distorting quotas and duties on imports of cars into Spain. As a result. a proliferation of marks and models is being produced, uneconomically, in the country.

Spain's melange of free trade and protectionism dates from and protectionism dates from the tween Spain and the EC, fixing duty on Spanish car exports at 4 to 6 percent. This was accompanied by requirements that new carmakers in Spain export a fixed volume

of their output and limit imports. Exports have been beefed up not only by this agreement but by the tions to be met. Both sides are so unexpectedly slow growth of the far apart on certain issues that a domestic car market.

"When we did our forecasts in the early 1970s," Mr. Byrne said, "we were too optimistic. We did VIVIANIA not anticipate the second oil price increase, the economic slowdown, the 20-percent unemployment. We assumed car ownership would grow by 3 to 5 percent per year."

fourth largest maker of dungarees in the world, after Levi Strauss,

Wrangler and Lee. For a garment

company, Tycesa is unusual, aim-

ing not at the mass but at the car-

Tycesa owns plants in Portugal,

Brazil. Ireland and Australia, as

well as in Spain, and has licensees

in several Latin American coun-

Spain's largest home-grown mul-

Philippines.

last year's 0.65 percent.

(Banco de Valladolid).

Foreign banks are actively build-

ing their Spanish presence, helped by the need of the Spanish authori-ties to find new owners for banks in

distress. Luxembourg-based Bank

of Credit and Commerce Interna-

Spain now has nine internation-

 $M(M)_{\mathcal{S}}$

riage trade; Lois jeans are sold in boutiques and plush department stores in competition with designer.

tries, South Africa, Greece, Paki-chinery to outworkers and subcon-

sian and Indonesia; soon to be tractors. A lot of undeclared goods

added are South Korea and the are produced in backroom plants.

Spain's largest home-grown mul-tinational is typical of Spanish companies, and typical too of the Spanish me trade in keeping things

Spanish rag trade in keeping things secret. As a private company, Tycesa publishes no annual report that the industry is stagnant. Ex-

and releases no figures on sales or ports of textile products rose 54

(Continued From Previous Page) try, so foreign bank branches are

pects full-year 1984 return on as-sets to be similar to or lower than small towns. In addition, there are

tional has taken over the Banco de Descuento. Arab Banking Corp. the Banco Atlantico and Citibank the Banco de Levante. These followed and Citibank the Banco de Levante. These followed and the Banco Atlantico and Citibank the Banco de Levante. These followed and the Banco Atlantico and Citibank the Banco de Levante. These followed and the Banco Atlantico and Citibank the Banco de Levante. These followed and the Banco Atlantico and Citibank the Banco Atlantic

lowed purchases of troubled banks government — most recently over by Banque Nationale de Paris (Lothe lifting of bank secrecy — will

pez-Quesada) and Barclays Bank not grow either. Spain is a major

ally owned retail banking net-works, more than any other coun-

cent in 1983.

Bank Problems Hinder Investment

Ford has had to close its plant has closed for 14 days this year and to be halted by strikes there. Spanish carmakers have excess capacity of 1.5 million vehicles a year, Mr.

Byrne said. Renault could produce 50,000 more cars than the 250,000 it turns out, and Seat could produce In exports, because of the re-150,000 more than its quarter mil-

hind the tariff wall, there are uning third. lower, but economic factories, excess man
Under the complicated regulamuch yet. economic factories, excess manning levels and idle plants.

Ford may overtake Seat this year as No. 3 in the industry in Spain. Renault (283,000 cars in 1983) is the leader, and in its first full year of production, with 246,000, GM is second. Two Peugeot companies, with 166,000 cars produced between them, bring up the rear.

tion. Seat produces only slightly a certain amount of their output, more than Ford's 222,000 — but, the U.S. companies are top ranked

tions that govern car imports; most companies may bring foreign models into Spain only in return for selling Spanish-made vehicles out-made elsewhere, still subject to a quota of 15,000 cars to enter the side Spain. As a result, most of the modest, high-priced market for im-ported cars in Spain is also domiintercompany price for imported Byrne said. Taxes for locally pro-

where Ford employs 9,000, Seat, — GM with 198,000 vehicles, Ford part of Spain's projected switch cars in Spain. Even Mercedes can even after laying off 6,000, has with 161,000, out of total exports of next year to a value-added tax system, these rates will probably be Mevosa trucks in Spain. lower, but no one knows by how

> duty but not to quotas. Japan's country at a lower rate of duty, an modest, high-priced market for imported cars in Spain is also dominated by GM and Ford, and "the produce a line of Jeep-style four-renewed for 1984. Then, too, the wheel drive vehicles called Datsun cars is not the normal one," Mr. Patrol, and eventually a line of Byrne said. Taxes for locally pro-duced cars come to 40 percent of Italian-made Datsun Cherry modthe sale price; for imports they els in Spain. Renault can import open up the market. come to more like 80 percent. As heavy-duty trucks because it makes

This arrangement cannot survive Spanish entry into the EC. Even imminent removal of some of the cascaded taxes applied to Spanish manufacturing (and the rebates

- VIVIAN LEWIS

Impatience Rising Over Delays in EC Membership

By Gerald Bourke

BRUSSELS - Madrid's impatience with what it sees as footdragging by the European Commu-nity over the question of Spanish accession to the 10-nation bloc continues to grow. In May, Prime Minister Felipe González hit out at what he called the "clear harden-ing" of the EC's negotiating position. He also said entry would pose enormous problems for Spanish industry and would mean only very limited advantages for the coun-

of EC affairs, echoed this disenchantment when he said that the terms of entry, as they stood, were too one-sided to enable the Sept. 30 target for concluding the negotiameeting June 19 in Luxembourg broken now that the long-running between Spain's external affairs minister, Fernando Morán, and his French counterpart, Claude Cheys-son, outgoing chairman of the EC Council of Ministers, ended abruptly after 20 minutes with no headway being made.

Nevertheless, all parties to the

In Spain, as in Italy, during peri-

ods of high unemployment, output

rises in industries such as textiles,

clothing toys, leather goods and

shoes. Even though the Spanish rag

high rate of business failures, many

Spaniards who are on the unem-

ployment rolls are in fact making

garments. Business failures are of-

ten accompanied by the sale of ma-

The textile industry officially

27 foreign banks operating as

wholesale banks. In total, there are

banks from 16 countries. The for-

eign banks' share of Spanish lend-ing grew an extraordinary 15 per-

Despite innovations in develop-

lender to Latin America, for histor-

ic reasons, so its banks bear risks of

International Trend in Textiles Sector

for Spanish and Portugese entry, January 1986, is still on if the remaining problems can be ironed out by the year's end. Portugal's accession talks are almost wrapped up, but the EC wants both countries to join at the same time.

The principal reason for the painfully slow progress of negotia-tions with Spain is the threat of bankruptcy that continues to hang over the community. EC spending is expected to exceed revenue by about 2.7 billion European Curren-Manuel Maria, secretary of state
of the runaway cost of the Common Agricultural Policy.

Successive attempts by the Brussels-based European Commission to persuade member states to part with more cash, even in the form of a loan, have thus far come to nothing, though the deadlock may be battle over Britain's budget rebate to include the Iberian peninsula will require a 15-to 20-percent in-

astonishing 130 percent.

said half the company's output was no time.

placing goods turned out by the

Perales, 23, whom most Spaniards

and American publications.

in a back room, but he and his don's line is produced in his fac-

small family workshop. After a decade of hard slogging by the brothers, the company got its real boost when jeans became the youth uni-

form in the 1950s. Since then the partner, Horacio Aguirre (who

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writes about European finance for numerous British

tributes to The Washington Post and Newsweek maga-

brother did walk from store to store tonies near Madrid.

entrepreneurs, Jose (Pepe) Barroso Barroso said.

who writes about Belgium and EC affairs.

who writes about Europe and the Middle East.

talks agree that the latest deadline gotiators is perhaps understandty's "no entry at any cost" stance.

A major stumbling block to the

The political desirability of a merger has been enunciated repeatby EC governments, particularly Helmut Kohl's center-right West German coalition. Bonn may appear as grudging as other EC governments when it comes to economic concessions but it is acutely aware that Spain's continued mem-bership in NATO is likely only if it ioins the EC.

Even the neutral Irish, who took over the rotating presidency of the Council of Ministers on July 1, share this view. "Accession to the community will help copper-fasten Spanish democracy," said an Irish Foreign Ministry official.

When Mr. González came to power he promised that the question of EC membership would be reassessed if Spain had not joined by the time the 1986 elections came appears to have been resolved. round. With time running out and With the commission estimating the accession negotiations clearly round. With time running out and that enlargement of the community not going its way, the Socialist Party must either accept the limited concessions being offered or break crease in spending, the extreme off talks in the hope that the Spancaution being exercised by EC ne- ish electorate will support the par-

By this autumn, Mr. Barroso ex-

- VIVIAN LEWIS

A major stumbling block to the successful conclusion of the talks is the integration of fresh Spanish produce into CAP. Under the 1970 EC-Spain trade agreement, community tariffs on produce were balved, and Madrid is pressing for a complete elimination of remaining duties immediately upon acces-

But duty-free entry would cause havoc for EC producers, most of whom are in the least-developed areas of the community — Italy, Greece and the south of France. The EC has, therefore, proposed staggering tariff dismantlement over the first four years of Spanish membership. To keep CAP spend-ing in check and discourage overproduction. Spanish producers would be granted guaranteed prices only after this transition pe-

nod had elapsed.

it dealt the Spanish a further blow by raising minimum prices on imports of fruit and vegetables from non-EC countries by an average of 15 percent and increased the number of products subject to these socalled reference prices.

Negotiations on a number of other vital issues remain dead locked. These include access to EC waters for the Spanish fishing fleet, which is almost three-quarters the size of the community's.

With unemployment now in excess of 13 million in the EC, the free movement of Spanish workers throughout the community is also unlikely to come about until several years after accession.

The chances of a breakthrough on the outstanding issues appears brighter following the EC recent decision to allow Spain a six-year Spanish ministers regard this grace period before dismantling package as unacceptable, even if it tariff barriers on most industrial has been tempered with the offer of imports, compared to its previous 5 million ECU annually during the offer of three years. Madrid is holdfour years to help set up producer ing out for a seven-year transition, organizations and intervention and it appears that the EC governments may be willing to agree.

A Bumper Harvest in 1984 May Complicate EC Talks

VALENCIA — This is the home. volume, to say nothing of profit or percent in 1983. And, perhaps think of as Don Algodon (Mr. Cotof Spain's largest multinational loss. The garment industry likes to more significantly, in addition to ton), the name of his 65-shop chain. firm. Tycesa International, maker of the Lois brand of blue jeans, the offs" of forthcoming lines.

Spain, imports of cotton produced in Spain, imports of cotton rose an a market (teen-agers), a clean line this year may complicate the al- wine and olive oil. of color-coordinated cotton-knit ready drawn-out negotiations on Spanish internationalism in tex- goods in fluorescent hues and a Spanish entry to the European tiles is likely to continue. Tycesa's range of accessories to match, Mr. Community.

export manager, Alberto Arilla, Barroso has come from nowhere in exported for payment in dollars.

Six years ago be started with a Minister Carlos Romero has fore"Of course the entry of Spain into

32-square-meter (38-square-yard) cast that total output will rise 3.3

hensive crop insurance and promthe EEC would be advantageous to store. Encourage by Spain's case percent with a jump of 6 million ised to improve distribution netus "he said is metric tons in grain production, to works, but most other details of the Josquin Saez Merino, 56, the production plants. Today, he a record 19.7 million tons. owner of Tycesa, did not start out claims, 80 percent of Don Algo-

A net food importer, Spain foresees an improvement in its agricultural trade deficit. This worsened by \$28 million last year, to \$611 million, as the fall in the peseta's value pushed up import costs, notably of U.S. tobacco and soybeans, and feed grains from the EC.

brothers have split into competing companies. Tycesa has added two other jeans lines and branched into sportswear and leisure clothes, with opening is slated for London, and some sectors and severe shortages opening is slated for London, and some sectors and severe shortages after that there are French and Italin others. Output of Spanish wine Things have moved much faster ian shops planned. Sales in 1983 and olive oil worried French and for the youngest of Spain's textile were "about 1 billion pesetas," Mr. ltalian producers in the drought years; a 12-percent rise in wine production is now predicted while the olive-oil crop should soar from 277,000 tons to 600,000 tons.

> EC negotiators have proposed that trade barriers be eliminated in stages over 10 years after Jan. 1, 1986, the target date for Spain's entry. The Socialist government of Prime Minister Felipe González, backed by the opposition parties. trade unions and employers, has said this is unacceptable, especially since the EC wants Spain to open its market to industrial and manufactured imports within three years. In any case, they added, the threat to French and Italian producers is no greater than that to Spain's weak dairy and poultry sec-

The government has announced plans to work toward full self-sufficiency in feed grains and other im-

MADRID - A bumper harvest port crops, while cutting output of

The government remains the sole legal grain importer but since June I has limited its role as intermedi-The long, wet winter ended a ary between wheat farmers and four-year drought, and Agriculture millers to liberalize the domestic plan have to be negotiated with

> Relations with farmers remain bad, and protests are frequent. Increases of farm-support prices for 1984 average 6.5 percent, while the most optimistic forecasts show the inflation rate falling to between 8 and 9 percent by the year's end. And while the government has pledged to invest 90 billion pesetas to irrigate 150,000 hectares (370,000 acres) by 1986, it has not disclosed how and where this will be done.

High salinity makes irrigation difficult in many areas; cotton acreage, for instance, has fallen to pre-1950 levels.

Few negotiators expect agree-ment on EC entry by Sept. 30 this year, the revised date set by the EC after protracted talks, and officials on both sides say this is no longer a deadline. Unless progress is made toward compromise on the transition period, the size of the harvest rolling in this autumn may cause attitudes to harden further.

- ROBERT HOLLOWAY

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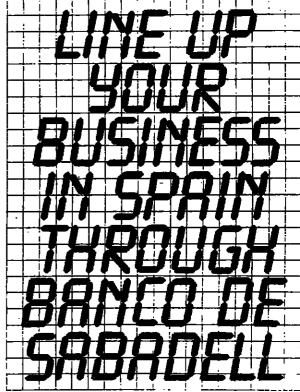
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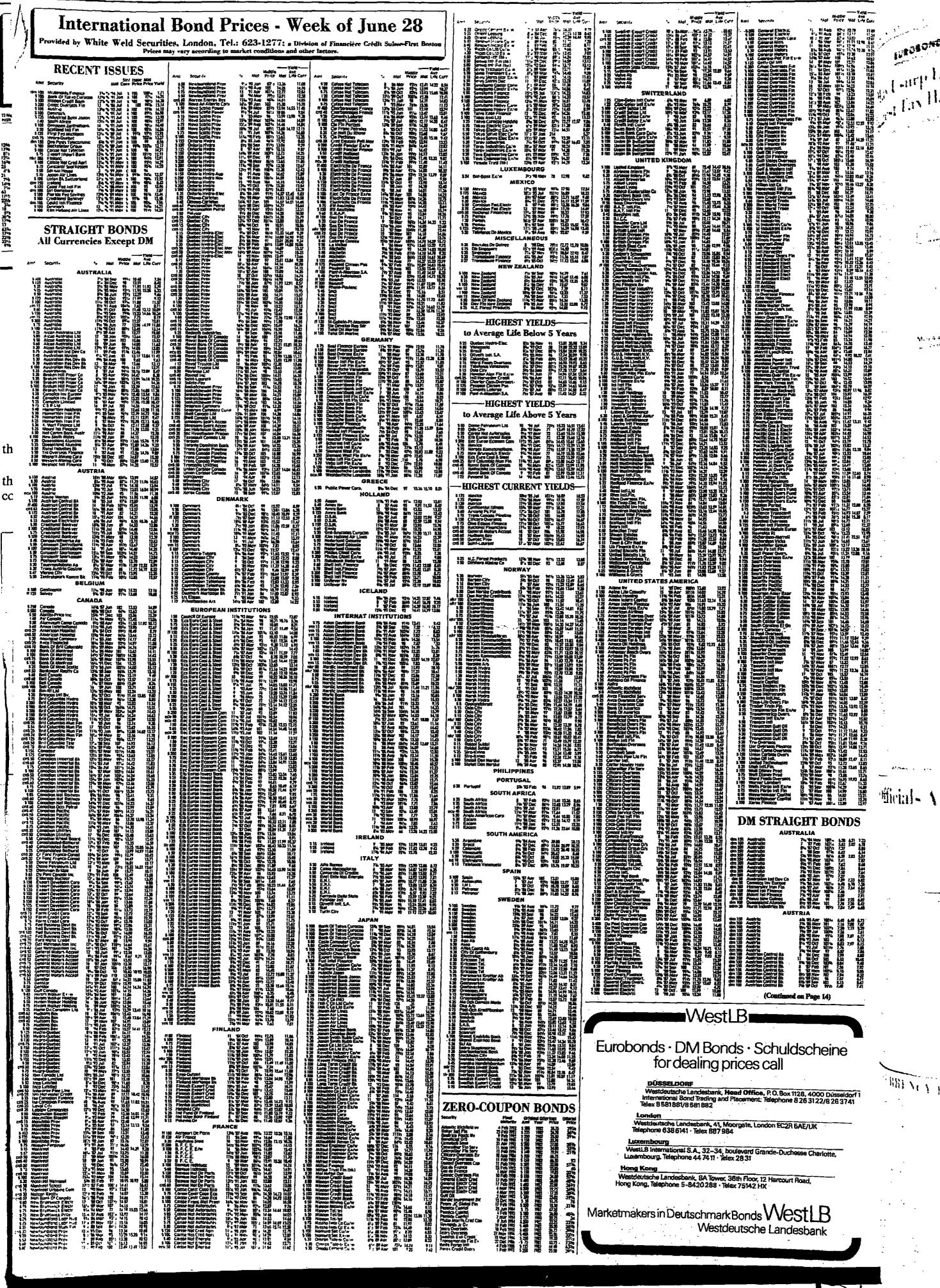


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BUSINESS/FINANCE

U.S. May Usurp Europe As Biggest Tax Haven

By CARL GEWIRTZ

ARIS - The Eurobond market held its collective breath last week, waiting to see if the United States is really. going to usurp the Euromarket to become the world's biggest tax haven.

The groundwork was laid recently when both houses of Congress approved a tax bill repealing the 30-percent withholding tax on interest payments to foreign investors. The bill will become law when President Ronald Reagan signs the act, which is expected shortly.

The only remaining uncertainty is what administrative rules the Treasury will impose on

Eurobond Yields

For Week Ended June 27
U.S.S to term, int'l inst.
U.S.S long term, ind.
U.S.S medium term, ind.
Con.S medium term

Yen is term, int'l inst. ----

Market Turnover For Week Ended June 29 (Milens of U.S. Dellors)

Non-dellar Tetal Dellar Equivalent 8,807.6 7,546.0 1,261.6

14,539.2 13,605.1

ECU short term

ECU long term ...

the sale of bearer bonds. Securities sold to U.S. citizens will be in registered form - meaning the tax authorities will have a way of comparing tax declarations with interest revenues.

Bonds sold outside the United States may be issued in bearer form — meaning the holder is not identified by name and need only present the coupon stubs to the paying agent to receive payment. This is how the Eurobond market operates and it leaves matters entirely to the discretion of the investor whether to report this income or not in his tax statement.

The critical question and one insiders suspect may take the Treasury weeks, if not months, to agonize over - is what criteria the Treasury uses before allowing domestic bond issuers to sell bearer rather than registered securities.

Under present rules, domestic issuers may offer bearer bonds once certification has been received that the beneficial owner is not a U.S. citizen. Until certification has been received, a with-

holding tax of 20 percent is imposed.

The question, then, is whether the certification requirement will be stringent or lax. Stringent means raising fears among foreign investors, who want to escape tax payments at home, that the Treasury will be able to pass their identification to the relevant foreign tax authorities. Lax means a system loose enough to enable foreigners to buy bonds in New York without having to worry about being discovered at home.

f the certification is stringent, many European bankers believe their clients will not be attracted to the U.S. market. If it is lax, the incentive to buy dollar bonds in New York rather than on the Eurobond market, where yields traditionally have been lower than in New York, could be irresistible and the Eurodollar bond market could effectively cease to exist.

To be sure, there are other technical reasons to keep the Eurodollar bond market active — the inconvenient time difference between Europe and New York, the much larger size of trades needed to be considered a round lot (trading smaller oddlots is more expensive) in New York, the greater speed with which issues can be launched here than in New York and the requirement in New York to register any public issue with the Securities and Exchange Commission.

The Wall Street proponents of the tax repeal were aiming to repairiate the Eurodollar bond market as a means of reasserting their pre-eminence as underwriters of dollar-denominated issues and they can be expected to press the Treasury to be lax about certification for the sale of bearer securities.

But the question the Treasury now has to face up to is whether it is prepared to turn the United States - which has already attracted tens of billions of dollars of foreign funds thanks to its very high real interest rates — into a haven for tax avoiders.

If the answer to this question were, "not enough to immobilize the Eurobond market," there is also the continuing uncertainty about the direction of U.S. interest rates and worries about the sizable losses that many underwriters are already sitting on from having unwisely participated in offerings marketed over the past

On top of all this, there is the trading scandal involving the New York office of Union Bank of Switzerland, the London (Continued on Page 15, Col. 1)

Officials Agree on **Tariff Cuts**

Tokyo-Round Plan To Be Accelerated

The Associated Press

ERBACH, West Germany Trade officials from the United States, Japan, Canada and the Eu-ropean Community have agreed to bring forward broad new tariff cuts and make them operational by the end of the year.

William E. Brock, the U.S. Trade. Representative, said Saturday at the end of the two days of informal talks that he hoped Congress would consider the necessary legislation by the end of July.

Wilhelm Haferkamp, external affairs commissioner for the EC, said the officials pledged to initiate steps that had been agreed to at trade talks in Tokyo in the 1970s. In those talks, known as the Tokyo Round, it was agreed to implement across-the-board tariff reductions of about 40 percent in eight annual

"We must still implement the 1985, 1986 and 1987 reductions. We want by Jan. 1, 1985, not only to implement the reductions planned for 1985, but also those for 1986. This is the approach we have discussed," Mr. Haferkamp said.

Also at the meeting were Gerald Regan, Canada's minister for international trade, and Hikosaburo Okonogi, Japan's minister of international trade and industry.

Mr. Haferkamp described the talks as an informal, but said the officials would return to their capi-tals committed to accelerating the

He said the EC had decided in principle on the program and immentation might be possible this fall. The European Free Trade Association, which includes European countries outside the EC, also has agreed in principle to advance tar-

Mr. Haferkamp said the four officials "detected more positive than negative signs" in the present interitional trade situation. The value of trade in manufactured goods is expected to grow by more than 6 rcent this year, compared with increase of 4 percent in 1983.

This contrasts favorably with 82. This growth is largely due to the growing value of imports and ex-ports of the industrialized coun-

At the same time, the officials were concerned about the growth of what they called non-tariff barri-

Mr. Brock said the officials also "spent time discussing the urgency of the GATT [General Agreement on Tariffs and Tradel working program on safeguards." There is a general commitment to make an effort before November

economists regard as the zone of

full employment. This year's target

ranges are unlikely to be changed.

Wal-Mart's Growth Outpaces Rivals

Country Boy Gets Rich By Selling Discounted Goods in Rural Regions

By Isadore Barmash

New York Times Service BENTONVILLE, Arkansas — Sam M. Walton, founder of Wal-Mart Stores Inc. and reputedly one

of America's richest men, played the crowd last month at the company's annual meeting.

In the gymnasium of the local high school here, he greeted old friends, hugged women and roused 1,800 shareholders, employees and gnests in song — from "The Star-Spangled Banner" to the com-

pany cheer.

And it did not stop there. That afternoon Mr. Walton, 66, and his wife were hosts at a barbecue for 700 at their home. In the evening, the country singer, Tammy Wynette, lured Mr. Walton to join her at the microphone. The next day, in this small town in the northwesternmost corner of Arkansas, there were sports competitions, a boating trip and a forum for head and manned politicians. a forum for local and national politicians.

But if the ambience of Wal-Mart's annual gath

ering was down-home and light-hearted, the bal-ance sheet presented by company executives was pure sophistication. It told a tale of striking success in retailing, one that few of Walton's northern brethren in the business could duplicate.

The 22-year-old discount chain, which operates largely in rural communities of 5,000 to 15,000 people in an ever-widening tier of 19 states in the South and Southwest, is the fastest-growing U.S. retailer. Its growth rates in sales, profits, return on equity and other corporate barometers have been the highest in the industry since the late 1970s.

"Wal-Mart is one of the very few general merchandising companies that are astutely managed, highly profitable and well positioned for the fu-ture," Cathleen W. Mackey, analyst for First Manhattan Co. in New York, said.

Much of the company's success has been laid to Sam Walton, its chairman and chief executive. Born in Kingfisher, Oklahoma, Mr. Walton is a



Sam M. Walton

country boy who struck it very rich by peddling discounted products to rural America. Last autumn, Forbes magazine identified him as one of the wealthiest men in America. It is an achievement, however, that Mr. Walton is loath to discuss. He would rather talk retailing and give

credit to his employees. There are, he says, not many secrets in the industry. "Anyone willing to work hard, study the business and apply the best principles can do well," he says. "I worked at it. I walked into competitors' stores. And I wandered into more stores than anyone else. I was fortunate in getting

Warner Nears Sale of Atari Unit

By Kathryn Harris

LOS ANGELES - Warner Communications Inc., unable to staunch losses at its Atari Inc. subsidiary, is on the verge of selling most of the unit's assets to Jack

New York-based Warner is ex- nior vice president and a strategist pected to sell Atari's home-video game and home-computer divisions to Mr. Tramiel, retaining only phone call. its com-operated-game division.

Terms of the proposed transac tion were not immeditaely known. but several sources Friday estimated that the entire Atari operation. which is based in Sunnyvale, Cali-fornia, and considered a bonanza for Warner during the video-game soom, is now worth no more than \$125 million to \$150 million. One Warner source familiar with Atari operations placed its value as low as \$50 million, and a former Atari

million total."

second quarter, which ends Satur- 1976 for \$28 million, enjoyed a me-

Friday evening.

Alberto Cribiore, a Warner se-

Los Angeles Times Service

Tramiel, who built Commodore International into a \$1 billion homecomputer company before resigning six months ago.

designer and executive said that it might be worth "\$20 million to \$30

to see if we cannot reach a higher level of discipline in the so-called An executive who recently left Atari said that the company could safeguard area," Mr. Brock said. lose as much as \$100 million in the

teoric rise in the late 1970s and posted an operating profit of \$358 Mr. Tramiel could not be million in 1982. In the past 18 reached for comment Friday, but a months, however, Atari's fortunes Warner Communications secretary have plummeted as too many comsaid that the businessman, who is petitors crowded into the video-55, and at least two of his three game industry, prompting a glut of product and price wars. In its home-computer division, Atari has sons, were engaged in meetings at Warner's New York headquarters

for Warner's mergers and divesti-Atari posted an operating loss of tures, did not return a reporter's Atari, acquired by Warner in three months ended March 31.

enough to turn a profit, according

Merger Agreed By Continental Group's Board

By Lee A. Daniels

New York Times Service NEW YORK — Continental Group Inc., which last week put itself up for sale to fend off a take-over offer by Sir James Goldsmith, the British industrialist, has agreed to merge with a corporation owned jointly by David H. Murdock, a West Coast financier, and Peter Kiewit Sons Inc., a private mining

and construction company.

Continental said holders of its common stock would get \$58.50 a share. It said the total value of the transaction was about \$2,75 bil-

tal, which has operations in packaging, forestry, insurance and energy, was reached during a meeting of the board with Mr. Murdock and with two officers of Peter Kiewit, namely Walter Scott Jr., the president, and Donald L. Sturm, senior vice president.

In a statement Friday from Continental's headquarters in Stam-ford, Connecticut, S. Bruce Smart Jr., the company's chairman, said that the proposal from Kiewit Murdock Group was "the highest price among several alternatives, is not subject to any financing contingen-cies, and is entirely satisfactory to our directors in other respects, including Kiewit Murdock Group's assurance to continue substantially unchanged Continental's present employee compensation benefits and policies."

Mr. Smart also said that the Kiewit Murdock team had "emphasized its intent to continue Continental as an independent viable operating company," although some of its assets may be sold.

The statement said that 80 percent of the purchasing group is owned by Kiewit, which is based in Omaha, and 20 percent by Murdock investments, which is based in Los Angeles,

For the moment, the agreement never been able to reduce costs appears to end the attempt by Sir James to acquire the company. It was the informal \$50-a-share offer for the company Sir James made in \$538.6 million in 1983, and report- early June that precipitated Contied losses of \$34.9 million for the nental's decision to shop for buy- Holding Corp., which Mr. Murers. Sir James subsequently sweet-

ened his offer to \$54 a share, or \$2.3

Calls to Sir James and his advis-ers were not returned Friday. Nor were calls to officials of Continental or Kiewit Murdock Group. It was not immediately known if Sir James or other bidders attempted to match the bid that won over the Continental board.

Cornelius W. Thornton, an ana lyst with First Boston Corp., said that the Kiewit Murdock offer was "a good bid. It indicates that management has put forth a valiant effort to secure the maximum benefit for the shareholders."

Mr. Thornton cautioned that because the agreement remains to be approved by the shareholders, a higher bid may yet surface. To give Kiewit Murdock Group

a profit in the event that it is outbid, the agreement grants the group an option to acquire about 7.8 million shares of Continental common stock at \$58.50 a share. In a move to prevent another bidder from entering the situation, the group has also been granted an option to purchase Continental's most attractive asset, Florida Gas Transmission Co., and other pipeline operations, for \$500 million.

Continental's stock closed at \$51.75 Friday, up 75 cents, on the New York Stock Exchange. The announcement of the merger agree-ment came after the stock market

The agreement stipulates that Kiewit Murdock Group will pay \$29.95 for each Continental series A preference share and \$43.875 for each series B preference share, unless shareholders convert them before the transaction.

Series C preference shares and the \$4.25 preferred stock would remain outstanding following the

merger, according to the statement.
The Continental board also elected as directors Mr. Scott, Mr. Sturm and Mr. Murdock, and Raymond F. Henze III, president of Flexi-Van Inc. Mr. Henze, 31, has been an asso-

ciate of Mr. Murdock since 1979 and is a vice president of Pacific dock heads.

Fed Officials Are Split on Money-Supply Growth

By John M. Berry Washington Post Service

WASHINGTON - As they approach a policy-making meeting this month, several Federal Reserve officials have indicated that there are limits to how much money they are willing to pump into the

"We are supplying enough mon-ey and credit to finance a sustainable rate of economic expansion, and we intend to continue doing but we do not intend to waste the substantial gains in the battle against inflation that have been won at such enormous seed their prime rate from 12½ travelers checks in circulation and the substantial gains in the battle against inflation that have been percent to 13 percent the substantial gains are circulation and the substantial gains in the battle against inflation that have been percent to 13 percent the substantial gains are circulation and the substantial gains in the battle against inflation that have been percent to 13 percent the substantial gains in the battle against inflation that have been percent to 13 percent the substantial gains are circulation and the substantial gains in the battle against inflation that have been percent to 13 percent the substantial gains are circulation and the substantial gains are circulated as a substantial gains are circulated as a substantial gain and the substantial gains are circulated as a substantial gain and the substantial gains are circulated as a substantial gain and the substantial gains are circulated as a substantial gain and circulated as a substantial ga

won at such enormous cost during A few days later, the Fed chairman, Paul A. Volcker, told a Senate rising interest rates. subcommittee, "Our recovery has been proceeding rapidly, with little acceleration of inflation. But the combined credit demands of the pressures on interest rates, on de-

y strong private consumption and sion so far, the FOMC's policy dea large budget deficit," Mr. Volcker cisions will be unusually sensi continued. "That is what we are Presumably, the 1985 mo having But it has costs - costs reflected in huge trade delicits and this year's because the comme net borrowing from abroad, potential problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and other keep inflation under control as the problems for housing and the problems for housing a

U.S. CREDIT MARKETS

interest-sensitive sectors, and risks

percent to 13 percent, the White House rejected Mr. Volcker's logic while trying once again to protect annual rate from its average in the the president from any fallout for fourth quarter of 1983. The Fed has

Against this background, the Fed's policy-making group, the Federal Open Market Committee, will meet on July 16 and 17 to federal government and the private reaffirm or change its targets for sector have generated disturbing money-supply growth for the re-pressures on interest rates, on do-mainder of this year and to set veloping countries and on ex- tentative targets for 1985. Because of the politically 'In concept, we can visualize an charged atmosphere of a presiden-

CURRENCY RATES

Lote interbank rates on June 29, excluding fees

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er the discussions will produce an-Through May, M-1, the narrowannual rate from its average in tee is talking about easing. a target of 4-percent to 8-percent

growth in M-I between that quarter and the fourth quarter of this Only the broadest measure of money, M-3, which includes everything from currency to \$100,000 time deposits, is outside its range, and it is the measure to which the

committee gives the least weight.
Several FOMC members are convinced that the expansion has slowed, but they are uncertain just how much. And they remain worried that the demand for credit public and private - is still grow-

ing too fast. At a meeting in late March, the FOMC agreed to tighten credit the measure of the nation's total conditions because of the surges in output of goods and services, ineconomic growth and the demand for credit. Since then, short- and long-term interest rates have gone up about a full percentage point, but most indicators suggest that the the committee has not tightened

Mr. Gramley and another Fed official, Henry Wallich, dissented in March, wanting the FOMC to off the Senate's approval of a \$53pursue a still more restrictive po-The Fed vice chairman, Preston

less restrictive policy than the one ments to foreign banks had little the nine-member majority settled effect on prices

other tightening is far from clear, particularly given the uncertainties of the international debt situation and the adverse impact of higher rates on the ability of Third World nations to repay their debts. On the other hand, no one on the commit-

Some members of the FOMC are confident that the policy steps al-ready taken and the natural aging of the expansion have already com-

Mr. Martin, for instance, maintains that financial market analysts and others fearing overheating in the economy are wrongly focus on the second quarter's estimated 5.7-percent rate of increase in real, or inflation-adjusted, output.

He claims the more important number is the 8.7-percent rate for the three months just ended in current-dollar gross national product chiding income from investment

■ Prices Drift Lower

Prices in the credit markets drifted lower Friday in very light activity, The New York Times reported from New York.

billion increase in the federal debi ceiling, to \$1.573 trillion. News that Argentina said it would pay at least Martin, also dissented, seeking a some of its overdue interest pay

The price of the Treasury's bell-The coming meeting likely will wether 30-year bond, the 13 is of be a replay of the March session in 2014, dropped by 13-32 Friday to terms of which way the various close at 97 2-32 to yield 13.76 permembers will want to lean. Wheth-cent.

MID-YEAR INVESTMENT **OUTLOOK**

Action Alert MID-YEAR OUTLOOK

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What are the investment prospects for the rest of the year in the United States? Should you be bullish or bearish on the U.S. Market? What should your current investment strategy be?

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strategies for you to consider for the next six months in both these areas. In addition, you'll receive their top 10 U.S. equity recommendations plus much more.

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International Bond Prices - Week of June 28 Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financière Prices may vary according to market conditions and other factors. (Continued from Page 12) **Mutual Funds** RETITION NO. CONTROL OF TAKEN OF THE PROPERTY SOVIES16.19 NL.
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WASHINGTON — The Senate has approved legislation that Alphonse M. D'Amato, Republi-

would set stiffer penalties for the can of New York and chairman of

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NEW EUROBOND ISSUES

issuer	Amount (millions)	Mat.	Coup.	Price	Yield at offer	Price end week	Terms
FLOATING RATE NO)TES						•
Belgium	\$300	perpt	1/4	100	_	99.65	Over 6-month Liber. Minimum coupen 5/6% Switchable at par every year in August starting in 1986 into a 4-yr note paying interest of the mean of
	-	· .		• .	• : .		The bid and offered rates for 6-month Eurodallars itself switchable at par into the perpetual note in 1987, 1988 and 1989. Payable Aug. 10. Commis sions 0.45%.
Italian Int'i Bank	\$ 60	1991	. 1/4	100	_	98.85	Over 6-month Libor, Minimum coupon 514%, Call oble at par in 1985.
IU Int'l Capital	\$ 75	1992	1/2	100	· — .		Over 3-month Libor, Minimum coupon 519%, Re- deemable at par in 1989.
FIXED-COUPON							
Statoil	\$100	1989	1314	100	13%	98.25	Noncelloble.
Ireland	DM 100	1992	814	991/2	8.34	97.38	Noncollable private placement.
Sperry Curacao	DM 150	1994	8 .	100	8		
Coisse d'Aide à l'Equipement des Collectivités Locales	ECU 45	1991	1114	100	1114	98.50	First collectule of 100% in 1989.
Oesterreichische Kontrollbank	£ 30	1991	1214	100	121/4	98.13	Noncelloble.
Dai-Ichi Kangyo Bank Neth.	D ≠ 50	1989	81/2	100	8%	99.00	Noncolloble private placement.
EQUITY-LINKED		 -		_	. :		· · · · · · · · · · · · · · · · · · ·
Ferrofividics Overseas Finance	\$ 10	1990		99	÷.	<u> </u>	No coupon Each \$1,000-note is either exchange- oble, storting July 1985, for 200 shares of Spin Technologies for, in which area buffets well expin

Argentines, Banks, IMF Seen Getting to Grips With Problems

NEW YORK - As U.S. banks some of Argentina's loans as overdue, there were welcome signs that Argentina, commercial banks and the International Monetary Fund

finally are coming to grips with the country's debt problems. Economy Minister Bernardo Grinspun announced Friday that Argentina was to make a \$225-million interest payment from its reserves, while a group of U.S. banks, led by Citibank of New York, had agreed to make a short-term loan of \$125 million.

Argentina's payment was credited to banks Friday. The bank loan, secured with Argentine deposits at

New York Times Service

WASHINGTON - The Senate

illegal use of insider information in

The measure, the Insider Trad-

ing Sanctions Act of 1984, would

allow the Securities and Exchange

Commission to seek civil penalties

of up to three times the profit

gained, or loss avoided, by persons

the trading of securities.

were once again saved from listing the interest will not be credited to the second quarter.

> Four Latin American countries, Brazil, Mexico. Colombia and Venezuela, agreed to extend until July 31 a \$300-million bridging loan that was granted in March to pay interest due at the end of that month. That loan was to have expired June 28.

"The receipt of the monies is elcome at any time," said James McDermott, senior vice president at Keefe Brayette & Woods, an investment banking house.

Senate Approves Tougher Penalties for Insider Trading

a subcommittee that oversees the

SEC, would also increase tenfold to

\$100,000 the maximum fines for

most criminal violations of the fed-

The fines have not been in-

for such infractions, which include holders.

eral securities laws.

York, was to be paid Monday. This U.S. regulators tightened their re-means the \$125-million portion of porting rules for banks," he said. met the terms." that an Argentine-IMF agreement will be in place by August at the The IMF rejection was an incen-For the banks' part, the clarifica-

tive for Argentina to reconsider its tion of accounting rules by the economic program and brought Comptroller of the Currency "prohome to the IMF the seriousness of vided them with necessary perspec-Argenting's political and economic

"The IMF has got to find a way to accept what Argentina can realistically do in the way of an austerity program," said Martin Schubert, chairman of Eurinam Finance Corp. "There is a precedent in Brazil — last year they rewrote the letter of intent when Brazil showed it couldn't meet original terms."

Who is to say Argentina is not But the really important steps being completely above board, were taken when the IMF rejected They could have signed any letter, the Federal Reserve Bank of New Argentina's letter of intent and the gotten their money and then say in

would be left at five years.

will be able to report as carnings only interest they actually have in

Standard bank accounting practice has been to accrue interest as earnings even if the money has not been received. On March 30, Arthrough Jan. 2, but banks were allowed to report interest as paid for the whole three months ended

vided them with necessary perspec-

tive on the Argentine debt," Mr. McDermott said.

banks that beginning July I, they

The comptroller recently told

Friday's package will bring Argentine interest current through

early April. Chase Manhattan, Manufacturwho illegally buy or sell securities. market manipulation and fraud, ers Hanover and Morgan Guaranty The Senate approved the mea-Trust, all with big exposure to the Argentine public sector, said they will abide by the comptroller's resure Friday by voice vote after less than 30 seconds of consideration. The House approved a companion measure last September. cent ruling for the second quarter, even though it does not apply until The bill was proposed by the SEC as part of its drive on insider

This means they will report as earnings only the money they have in hand. Other major banks have misconduct — trading in stock on the basis of information not availcreased since the enactment of the able to the public. Insiders are usuindicated a similar policy. Securities Exchange Act of 1934. ally regarded as corporate officers, However, the maximum jail term directors and controlling stock-

public expenditures to meet condi-"We believe all parties have come to grips with the situation tions for the crucial emergency and there is a feeling of confidence

will be in place by August at the latest," Mr. McDermott said.

■ Progress Report Cited

A progress report from the IMF to a steering group representing bank lenders to Argentina apparently set the stage for payment by Argentina of overdue interest, according to senior monetary offi-cials, Clyde H. Farnsworth of The New York Times reported from

The report was described as a straightforward and objective account of talks last week between the fund and Argentine negotia-

"It was a message that talks are continuing and that some progress was made in defining points of dif-

ference," one official said.
The discussions between Argentina and its commercial lenders are on a separate track from the negotiations between Argentina and the fund, officials in Washington

stressed. Some banks in the steering group have conditioned their participa-tion in any new credit package on an agreement between the fund and Argentina. Others, according to analysts here, have taken a softer line. The IMF has told Argentina that it still has to show deeper cuts in

U.S. May Become a Tax Haven for Investors

(Continued from Page 13) office of Bear, Sterns and possibly others. Fraudulent trades made to enrich the dealers are estimated to total into the millions and this discovery has prompted auditors to descended on many trading departments, casting a further pall over

market activity. In difficult markets, such as this, bankers have traditionally relied on innovations to excite investors drop-lock bonds, retractable maturities, partial payments and zero coupons. The newest wrinkle to hit the market is the no-coupon convertible bond.

Basically, this is a venture-capital stock offering giving investors an option to buy shares in a company that is expected to go public in two years or more. Investors who do not want to wait for that to happen, or if it never happens, are into shares of an existing company. Thus, this is the first convertible to offer investors a double option to buy shares in two separate compa-

The company behind the issue is price less \$200 cash refund).

speaker systems.

It has created, and spun off to a new company called Spin Technology Inc., a new process to increase data-storage capacity and reliability of hard-disk drive systems in computer peripheral equipment. In essence, it is making a ferrofluid film-bearing spindle to replace the traditional ball-bearing-supported spindles currently used. Its spindle has been produced in prototype and is in the process of evaluation by a number of equipment manu-

The issuer of the \$10-million convertible bond is Ferrofluid Overseas Finance Corp. The bonds are being offered at a discount of 99. Holders can convert into shares also offered the option to convert of Spin Technology, starting next into shares of an existing company. July, with each \$1,000 bond purchasing 200 shares. In addition, there will be a cash refund of \$200 -meaning the stock purchase will have cost \$790 (\$990 subscription

facturers, company officials report.

of 61/2 to a high of 1044. The shares shares out of a total of 8 million rated U.S. companies. The zeros are currently valued at just over \$8 shares. The remaining six million will be placed in a trust and will be each. Ferrofluidies, which went shares would be held by Ferrofluiused to redeem bondholders who public in 1981, describes itself as a diet in exchange for the technology do not convert into shares when the

fluid (magnetic fluid) technology. If Spin Technology never goes Banque Gutzwiller, Kurz. Bunlts products are used by the semi-public, stockholders could exceed gener of Geneva is managing the conductor industry, in computer change their shares into stock of issue. conductor industry, in computer change their shares into stock of hardware and in high fidelity loud Ferrofluidics at a ratio of eight Spin shares for five Ferro shares. This conversion could be begun in July 1987 (converting a maximum of 65 percent of Spin holdings into Ferro), or July 1989 (when 70 percent can be converted), or in 1990 (when 80 percent can be convert-

> Alternatively, bondholders can convert directly into Ferrofluidics starting in December, at a premium that is expected to be set at about 20 percent over the average price prevailing during the seven trading days preceding the pricing, which is expected to be Aug. 15. This route, however, offers no cash rebate and no option to go back into Spin

> The bond pays no interest. The entire lure of this offering is that Spin does go public and that the share price then established represents a quantum leap in value over what bondholders paid for their two million shares.

The proceeds of the bond issue The company behind the issue is Ferrofluidics, whose shares—traded over-the-counter—have ranged in price less \$200 cash refund).

The bondholders, if they all containing of Spin and the remainder used to purchase of the company, or two million are companied by the spin and the remainder used to purchase of the company, or two million are companied by the company of two millions.

There was little other new business announced last week. Belgium returned to the floating-rate-note market with an offer of \$300 million of perpetual bonds. Using the forumula successfully adopted by Sweden last month, the notes can be converted into four-year notes on an anniversary. But exercising this option results in a lower interest payment.

The perpetual notes bear interest at 14-point over the London interbank offered rate. The four-year over the mean of the bid-offered interbank rate, which means at 1/16-point below Libor.

The one unattractive feature, in standing with Belgium's concern that the tax-free paper winds up in the portfolio of Belgian citizens, is that the notes are only in registered form and sold in minimum units of \$250,000.

Italian International Bank, based in London, is offering \$50 million of seven-year FRNs paying 4-point over Libor.

month Libor. The notes are not ors in the event that the company is

basis at a discount of 981/4. Deutsche-mark bonds were not "There is a problem because the hurt by last week's half-point rise collateral) was held unchanged. Nevertheless, with the mark sag-

> of U.S. issuers offering DM bonds. The 10-year issue, priced at par and bearing a coupon of 8 percent, was quoted at a discount of 1%. But Ireland's 100-million DM of eightyear notes, offered at 991/2 bearing a coupon of 814 percent, ended the

The French merchant bank

Société Générale Merchant Bank Limited. The new name for the

the subsidiary of one of France's leading banks, we have a unique position in business between the U.K. and Continental Europe.

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After Legislation, Bankruptcy Courts In U.S. Should Be Resuming Work

WASHINGTON — Bankruptcy legislation just approved by Con-gress should have the nation's 227 bankruptcy judges back in business this week, according to congressional lawyers who drafted the legisla-

The legal authority of the bankruptcy courts expired at midnight last Wednesday, following four stopgap extensions by Congress. Since then, federal district court judges have been handling urgent bankruptcy cases.

But lawyers for the federal court system and the Justice Department were uncertain whether the rescue designed by Congress would stand up to legal challenge. The bill ap-proved Friday automatically ex-tends the terms of current bankruptcy judges, a provision some lawyers believe may exceed con-

gressional authority.
"There is a problem," said William Weller, a spokesman for the Administrative Office of the

Times Mirror, Storer to Swap **Cable-TV Systems**

Los Angeles Times Service LOS ANGELES - In one of the largest transactions of its kind, Times Mirror Co. and Storer Communications Inc. said that they have agreed to swap cable-televi-sion systems in several cities.

The transaction has an estimated value of about \$200 million. It includes a small amount of cash to be paid by Times Mirror to Storer Communications, the companies

Los Angeles-based Times Mir-ror, a major cable-television operator that also publishes the Los Angeles Times and other newspapers will trade its systems in North Little Rock and Jacksonville, Arkinsaw, Point Pleasant Beach, New Jersey, and Louisville, Kentucky, for Swrer Communications's systems in Phoenix, Mesa and Paradise Valley, Arizona, and in Laguna Beach, California.

The swap will benefit both companies, said Sharon Armbrust, an industry analyst at Paul Ragan Associates in Carmel, California. For Times Mirror, it will reduce competition for subscribers with Storer Communications in each of the arcas. Storer will be in a better posi-tion to reduce a \$700 million debt from the building of cable-television systems over the last five I know they're as concerned as we

nal rescue proves to be legally doubtful, the courts will proceed under an interim plan that has been in effect since last week. He predicted serious disruptions would be

courts and provides for bankruptcy judges to be appointed to 14-year terms by regional appeals courts.

chairman of the House Judiciary handle matters not strictly related Committee, told the House Friday to bankruptcy law.

Mr. Weller said if the congressio-

Courts, the governing body for the federal court system. "We're defering to the Justice Department, but judges' jurisdiction without further

judges by Congress.

avoided.

The new bankruptcy bill, attempting to comply with a 1982 thority in the legislature."

Supreme Court ruling, limits the jurisdiction of the bankruptcy in the legislature. "It does not vest appointment authority in the legislature."

Supreme Court ruling, limits the jurisdiction of the bankruptcy of the bankruptcy of the legislature. "It does not vest appointment authority in the legislature."

Mr. Weller said that if the continuous plan seemed too risky.

To make the new law effective as interim plan to appoint bankruptcy quickly as possible, lawmakers voted to extend the terms of present would have power to try bankrupt-judges until at least October 1986. cy cases, if all parties agreed to Representative Peter W. Rodino abide by the outcome. District

Mr. Weller, however, said the congressional extension of authority may amount to appointment of

constitution clearly vests appoint-ment authority in the executive They noted gratefully that the branch and in the courts," he said. Lombard rate (discounting against

gressional plan seemed too risky, the courts would proceed with an judges as magistrates. Magistrates Jr., a Democrat of New Jersey and court judges would continue to

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million of eight-year notes which holders can redeem after five years. Interest is set at 1/2-point over threepany but are secured by \$100 million of preferred stock. This males the FRN a subordinated instru-

ever liquidated. Statoil, which offered \$100 million of five-year notes at par bearing a coupon of 131/2 percent, was a big disappointment for the market. Analysts were united in agreeing the credit was attractive and the terms were appropriate, but investors could not be lured into making a commitment and the notes ended the week quoted on a when-issued

ging and the rate outlook unsure, there was very little demand for

new issues. Sperry's 150-million DM bond did well thanks to the rarity value week down 24 points.

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(Continued from Page 16) Margina Margina Margina Margina Margina Margina Margina Margina Markina Markin

LTV, Republic Complete Merger

DALLAS-LTV Corp. has offi-cially acquired Republic Steel Corp. for \$770 million, forging the second-largest U.S. steel company.

The new company, to be called LTV Steel and formed by Republic and LTV's subsidiary Jones & Laughlin, has the capacity for 24 million tons of raw steel and will employ 46,000 people. Headquar-ters will be in Cleveland, the spokesman said Friday.

Final closing and merger documents have been filed with the secretaries of state in New Jersey and Delaware, but the federal district court for the District of Columbia is still reviewing comments filed in response to a Justice Department consent decree to determine whether the proposed judgment is in the Over-the-Counter

SABAGT SAY IND SALAY IND SALAY

Consolidated Trading

Of NYSE Listings

Wzek Ended June 29

raded in: 2,223 s: 630 ; declines: 1,120

: 2/3 : 51 : new lows: 249 Volume

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10.67 11.45 18.80 11.43 10.84 11.74 10.90 11.86 11.03 12.58 11.09 12.23

TISC CP
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Consolidated Trading

Of AMEX Listings

High 28% 19 2% 17% 15% 10% 19% 17% 775 17%

Scies 1,274,700 726,100 591,900 535,760 473,908 421,008 378,300 349,400 324,300 324,200

First Texas, Gibraltar

DALLAS - First Texas Savings

Association said its previously an-

nounced merger with Gibraltar

Savings Association, creating the

I Ith largest savings and loan insti-

tution in the United States, has

been officially approved by federal

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24 6½ 6¼ 922 5% 4¼ 18 8 8 16 4½ 4

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banking authornes. Texas's chairman, J. Livingston Kosberg, said Friday the two institutions will operate under their original names and with current management. Gibraltar is involved in residential development, and First Texas in commercial real estate lending electronic banking and related data processing. The total assets of the holding company will be \$7.1 billion.

Rates Fall as Lenders Compete for Scarce Loans

By Carl Gewirtz

International Herald Tribune PARIS - The paucity of syndicated bank loans so far this year for borrowers in the major industrialized countries has lenders scrambling to participate in the few loans

Data published last week by the Organization for Economic Cooperation and Development show that medium-term external bank loans to borrowers in its 24 member countries totaled only \$9.7 billion. Including the loans announced in June, the total for OECD-based borrowers in the first six months may just about match the very slow pace of the previous six months when \$15.3 billion was

year will drop back to around a \$30-billion annual pace, which was last seen in 1979. This slowdown reflects the shift away from direct bank borrowing in favor of less expensive capital market transactions and quasi-

onote placements backed by under-

credits and this is pushing down rates, stretching maturities and prompting questions about how much easier terms on syndicated

France, for example, resulted last

size of its loan to \$800 million,

percent more than EDF had indicated as its maximum roal. The 10-year loan carries an annual commitment fee of 10 basis points and the cost of drawings, At the current pace, lending to borrowers in the OECD area this scaled according to amount used rather than by duration, ranges from 15 basis points over the London interbank offered rate if no more than one-third of the loan is drawn to a maximum of 45 basis points over Libor if it is all taken. The response to Sweden's request to reduce to \$3 billion from

As a result, there is tremendous competition among banks for new that it could finally total close to \$5 point over Libor it previously paid. loans can get.

Enormous demand for participation in the credit sor Electricité de

SYNDICATED LOANS week in EDF agreeing to raise the

double the initial offering and 30

\$3.5 billion and renegotiate lower terms for a standby line of credit

Sweden is paying an annual fee have been invited to Lisbon this of 1/2 percent and drawings, on week, will be asked to underwrite which charges are also scaled by amount rather than duration, will cost from 1/4 point over Libor up to

point over. Even the controversial \$1-billion standby credit for Denmark is finding support. After a difficult time of getting banks to underwrite the full \$1 billion, market rumors had it that Denmark would raise no money in general syndication. Its loan is designed never to be drawn, but in return Denmark is paying a record low 0.05-percent commitment fee.

Despite considerable resistance to that low level, managers say \$100 million has been raised so far general syndication and the books are still not closed.

This week, Portugal is expected to seek a \$300-million, seven-year loan with the margin set at 34 point has also been strong. Managers ex-pect that subscriptions will easily and % point over for the remainder.

billion. While the Swedes have indicated they only want a line of \$3 for banks to price part of the loan billion, bankers wonder whether over the more expensive prime rate. the amount might not be increased an option Portugal has had to give

if demand turns out to be as strong lenders in the past.
as now expected. lead managers, who

\$20 million each. Also expected to tap the market soon for up to \$250 million is Greece's Public Power Corp. Bank-ers also expect Italian borrowers to become more active in renegotiating terms on their expensive prime-

Libor outstanding loans. The long discussed loan by an Arab syndicate of banks led by FRAB-Bank of Paris for the Soviet Foreign Trade Bank was finally completed after months of discussion. The terms were set in line with those recently accorded by a syndicate led by Dresdner Bank and the amount was increased from the ini-tially proposed \$100 million to \$150 million. The loan runs for five od of two and a half years. Interest is set at is point over Libor, down from the is point over Libor for

Wal-Mart Chain's Growth Is Outpacing Its Rivals

(Continued from Page 13) ome smart people to work for me and we avoided mistakes that the

Mr. Walton's stamp is everywhere on the company. But analysts say this very dominance could develop into a problem.

Mr. Walton insists he has no plans "to quit now nor at any other time" and insiders deny any potential problems with succession. But there are concerns in the industry that Mr. Walton's departure could wound Wal-Mart in much the same way that Harry Cunningham's re-tirement hurt K mart Corp. and Fred Lazarus Jr.'s death set back Federated Department Stores.

huge growth plans, which call for sas City, Missouri, Dallas and St. doubling sales every two to three Louis. But while Wal-Mart insists years, opening 100 to 125 stores a that it has no plans to go national, year and moving into new territo- analysts say its geographic expanries and businesses.

Wal-Mart's strategy combines tem, a tight rein on expenses, a Mrs. Gilliam said. strong distribution network and a progressive employee relations pro- type of retailing operation, mem-

cent, higher than K mart's 10 per-

54.6 billion in sales for the 1984 fiscal year, which ended Jan. 31. Margaret A. Gilliam, analyst for First Boston Corp., New York, estimated that sales will be \$6.5 bil-

lion this year and is optimistic that its strong growth can be sustained. Mr. Walton and his top team project sales of \$12 billion in four

or five years and profit of about \$300 million or more by then. Already, Wal-Mart dominates sas, Missouri, Louisiana, Oklahoma and Texas, where more than half of its 660 stores are.

Recently it has begun to move into such medium-sized cities as Little Rock, Arkansas, Springfield, Missouri, and Shreveport, Louisi-Another question stems from ana. It is opening stores on the whether Wal-Mart can sustain its fringes of larger cities, such as Kan-

sion is crucial.

"The key is going to be Walan aggressive expansion program Mart's ability to take advantage of with a state-of-the art computer- all the opportunities as it moves ized merchandise information sys- toward national representation," Wal-Mart is also opening a new

bership discount stores called In the last five years, according Sam's Wholesale Clubs. They cost to First Manhattan Corp., a brolittle to operate and Wal-Mart kerage firm, Wal-Mart's annual hopes they will add at least \$1 bilsales grew by an average of 39 per-lion to sales by the end of 1986. The venture started this year with stores in Oklahoma City, Dal-

current sales of \$100 million and end of the year. Plans are to open six to seven more units this year.

Wal-Mart's overall strategy is Mart. simple: It combines low operating costs, an emphasis on providing national brands at discount prices and an effort to dominate its marmany large rural markets in Arkan- ket wherever it bases its stores. It trims prices by cutting distribution costs and putting pressure on sup-

Its operations have given it competitive clout that has hurt its competitors.

John Ternes, a former K mari district manager who now manages Wal-Mart's North Fayetteville, Arkansas, store, said that K mart uses "too many imports and letters of credit that may have run up against the Southern stigma on imports and didn't let them take advantage of domestic opportunities. And K mart went too heavily into private labels when customers around here and more, mostly from company are very national-brand con-

Sam Walton's family moved from Oklahoma to Columbia, Missouri, when he was young. In 1940, the University of Missouri awarded him a baccalaureate degree in business administration and he later spent two-and-a-half years in Des Moines working as a trainee at J.C.

three stores are "very profitable," founder of Wal-Mart and now a Jack Shewmaker, Wal-Mart's pressenior vice president, he operated a senior vice president, he operated a ident, said. The company estimates franchised chain of 17 Ben Franklin Variety Stores, turning them expects sales of \$200 million by the into the largest regional variety store franchise in the country. In 1962, the brothers began Wal-

"The big discount entrepreneurs were in the East and hadn't come

"Even so, we were latecomers because there were already Woolco discount stores here. K mart and Kuhn-Big K stores, along with small regional chains like ours.

" I had no vision of the scope of what I would start. But I always had confidence that as long as we did our work well and were good to our customers, there would be no

limit to us. Those who work closest with Mr. Walton say he has boundless energy and "an extremely positive attitude." His lifelong efforts have made him one of America's richest men, with assets of \$260 million stock, according to the Forbes article. The Walton family owns about 40 percent of the stock, insiders

another 8 percent. Although retail stocks will likely remain out of favor with investors in coming months, said Stanley H. lverson, analyst for Duff & Phelps Inc., Chicago, Wal-Mart "is our fust choice among all general merchandisers for the longer term." It has recently sold at \$38 a share.

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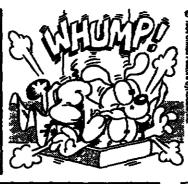
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SPORTS BRIEFS

Price Retains Lead in Canadian Open Golf OAKVILLE, Ontario (AP) - Nick Price squandered a shot in the water on

the 18th hole, but managed to retain a four-stroke lead Saturday after the third round of the Canadian Open Golf Tournament.

Price, who has held the lead throughout the tournament, completed the round with 1-over-par 73 and a total of 207, nine shots under par on the Glen Abbey Golf Club course. Jack Nicklaus, the man who designed the course as a permanent site for the Canadian National Championship, shot a 69 and moved into a tie for second at 211 with John Cook (71) and Greg Norman (70).

Mark Pfeil was next with 212 (66) and was followed by Clarence Rose at 213

Palmer Up by One Stroke in Senior Golf

ROCHESTER, New York (UPI) — Arnold Palmer shot a 2-over-par 72 Saturday to maintain his lead after three rounds of the USGA Senior Open at the Oak Hill Country Club in Rochester. Palmer, the 1981 champion in the tournament for golfers 50 and over, stands at 214 overall, 4-over-par after a 68 in Friday's second round. Miller Barber shot an even-par 70 Saturday and a 71 Friday and was one stroke back at 215. Bob Goalby, the first-round leader, shot 72 Saturday after a 74 Friday and was third

Instructor Gives Information on Steroids LOS ANGELES (LAT) — The coordinator of a U.S. Olympic Committee instructional program for shotputters and throwers of the discus, javelin and

hammer said he has been dispensing information to help the athletes beat tests "This is a way to get as much information as possible to the athletes," said Dr. Paul Ward of Huntington Beach, California, a respected coach in throwing events. "Let them make up their own minds. If they want to [use drugs], then you have to give them the right facts. Truth is truth. For us not to tell it to the

athletes is the worst kind of intellectual dishonesty. Anabolic steroids are synthetic derivatives of the male hormone testosterone and are banned by the International Olympic Committee. Some athletes believe they enhance performance by building muscle.

For the Record El Gran Senor, cruised to victory in the Irish Sweeps Derby at the Curragh Saturday. The 3-year-old colt, beaten by Secreto in the English Derby a month

ago, won by a length from Rainbow Quest, with Dahar third. (AP) Barcelona has traded Argentine midfielder Diego Maradona to Napoli of Italy for \$7.5 million, club officials confirmed Sunday. Maradona, who joined the Barcelona soccer team in July 1982 with a six-year contract for a record \$9.2 million, had asked to be transferred, stating that he was very unhappy at

Barcelona, (UPI) England announced it will make a strong bid to host the 1988 European Championship seccer finals. England, which last held a major championship in the 1966 World Cup, originally had bid for the 1990 World Cup but then withdrew to allow a choice between Italy and the Soviet Union. (AP)

Friday's and Saturday's Line Scores

FRIDAY'S RESULTS American Leopte First Game 925 921 980-5 11 9 962 900 909-3 11 2 writiems, Filson (7), Lysander (7), Dovis (9) and Engle; Marris, Bair (a) and Parrish. W.—Williams, 3-1, —Morris, 12-4, HR—Min-nesoto, David (11).

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(11), Loudner (5), Detroit, Gibson 2 (11), Lemon (31), Longe (4).

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Appelle (6), Comeche (9), Easterly (11) and
Willand, W.-Easterly, 1-2, L.-Toblk, 1-4,
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001 010 000-2 8 0 000 401 002-7 13 8 Kreener, Salong (4), Modden (6) and Ashby Boiley (4); Cortien, Andersen (9) and Virgil W—Carlton, 64, L—Kreener, 7 B. HRS—Phil-odelohia, Virgil (1)). Wilson (5)

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L-Geldry, 6-6, HRs.-New York, Kemp (4),
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Williams. W—Hough, 8-6. L—Conter, 1-3.

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Smith, James (7) and Carter; Soto and Gulder, W—Soto, 9-1, L—Smith, 4-4, HR—Cinclanett, Soto (1), 190 800 802—7 12 8

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and Parter. Lollar, Lefferts (8), DeLeon (9)
and Kennedy, W—Andular, 13-6, L—Lollar, 7-

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Ramey, Frazier 13). Staddard 17) and Davis, Welch, Howell (2), Hooftin (4). Zachiry (5). Dias (9) and Scioscia, W-Frazier, 10 L. Howell, & 1 HP-Chicago, Darrier (3)

LIZZIE

By Frank Spiering, 352 pp. \$17.95. Random House. 201 East 50th St., New York, N.Y. 10022.

LIZZIE

By Evan Hunter. 430 pp. \$16.95 Arbor House, 235 East 45th St., New York, N.Y. 10017.

Reviewed by Thomas M. Disch

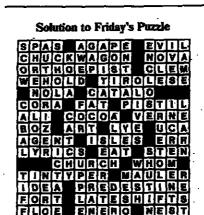
HERE, virtually yoked together by the co-incidence of simultaneous publication, are two books about the United States's most acclaimed murderess (at least in the category of Family Tragedy), Lizzie Borden. Both are titled "Lizzie," and both agree that she was guilty, if not quite as charged, of the crime for which she has been so celebrated in history and light verse:

Lizzie Borden took an ax And gave her mother forty whacks: When she saw what she had done She gave her father forty-one.

There, however, resemblance ceases, for Frank Spiering's "Lizzie" is a nonfiction re-

construction of its long (and dramatically compelling) attecmath, while Evan Hunter's is a novel, albeit a novel incorporating a hundred or more pages of lesstranscript from the inquest and trial. The ficnents in this Lizzie Borden

demi-faction is shuffled into the trial transcripts with no compelling dramatic necessity and describes Liz-zie's tour of a fin de siecle Europe where the murderess-to-be is subjected to the longest slowest seduction since Marjorie Morning-



Parricide is a crime that appeals (if Freud is right) to the child in all of us, and Lizzie's was on a truly mythical scale — not only because of its violence and the fact that she got away with it and lived to spend Daddy's money applying gold-leaf to her bedroom ceiling, but because she came to her vocation late in life, at age 32. She is the archetype of the smoldering spinster. one is the archetype of the smoldering spinster. Such is the innate fascination of her crime that most readers will willingly overlook narrative irritants of style and pacing (Hunter is guilty of many) if the solution that's offered is able to account for those questions which, by their lack of an angure of the trial lad to account lack of an answer at the trial, led to acquittal: Why was the murder weapon never found? Why, given the double bloodbath, could no garments be discovered with appropriate

All Impire

With respect to offering the careful armchair detective a satisfactory account of these and other communities. Spiering's "Lizzie" is the hands-down winner. Hunter's solution to the mystery is to suppose collusion between Lizzie and the Borden's maid, Bridget, whom he represents as having been caught in flagrante delicto by Mrs. Borden. The elegance of this theory is the possibility (undreamt by her contemporaries) that there was no blood on Liz-zie's clothes because she did the deed in the nude. There's certainly a good painting to be had from that idea, but it doesn't really simplify matters, since Hunter's scenario requires Lizzie to be dressed for her second murder later in the morning.

It also requires a degree of coordination between Lizzie's and Bridget's alibis and a degree of staunchness and guile in Bridget's character that neither the transcripts nor subsequent events would seem to bear out. Hunter finally did not persuade me that it could have happened as he imagines. Bluebeard may have done such things, but not Lizzie.

Frank Spiering's theory is altogether more persuasive and probably comes as close as anyone ever will to being a definitive solution. Spiering maintains that the actual murderess was Lizzie's sister, Emma, with Lizzie abetting her and taking all the heat. He collates the circumstantial evidence amassed at the trial with a psychological family portrait of the Bordens that never violates (as Hunter's X-rated scenario does) a sense of Victorian probabilities. At the same time the tragic dimensions of the materal is much more evident mensions of the materal is much more evident in this handling. His Lizzie is heroic in her lifelong assumption of public obloquy, and his Emma, though necessarily a more shadowy presence, finally becomes her sister's equal in psychological interest. Not since Joan Craw-ford and Bette Davis in "Whatever Happened to Baby Jane?" have I encountered such a wellmatched and sinister pair of sisters.

Without the bad luck of its timing, I would surely have enjoyed Hunter's "Lizzie" more. and true-crime buffs might well enjoy checking out his last chapter, if only as a kind of litmus test of Spiering's theory. But I have no doubt at all that if Spiering had been the prosecutor, Lizzie — and Emma — would have paid for their crimes — and the United States would have been deprived of a great legend.

Thomas M. Disch, a novelist who wrote "The Businessman: A Tale of Terror," wrote this review for The Washington Past.

BRIDGE

By Alan Truscott

ON the diagramed deal, South played in four spades, and the defense took two heart tricks at the start. East shifted cunningly to the club nine, which was covered

finesse, but South did not know it. He thought it likely that West held the guarded ten and planned a partial climination. This succeeded, although not quite in the way he expect-

South drew two rounds of trumps, cashed the club king and played a third club. He was hoping to force a diamond lead from West if that player trump at the third trick, for the

began with two trumps and try for a partial elimination, three clubs. He would then though elegant, is mathematiplay the ten from dummy, cally a shade worse than the since if West held the king, routine finesse. East would have seized the opportunity to ruff the third round of clubs.

As it happened, it was East who held the doubleton spade The ten was now open to a and three clubs and was endplayed. It would not have helped West to ruff and lead a diamond, for South would have no trouble guessing. If West held the king of diamonds, he would not choose to ruff.

So a game was made that was defeated in the replay. South would probably have failed if East had shifted to a

4 K J 8 5

Indians Down Rangers In 13-Inning Marathon

Compiled by Our Staff From Dispatches single in the eighth drove in the CLEVELAND - Brook Jacoby only run the Brewers needed to defeat California, 1-0. Moose Haas hit a line drive through a drawn-in infield with no one out in the bottom of the 13th inning Friday to give the Cleveland Indians a 13-12

victory over the Texas Rangers.

Dave Tobik (1-6) walked Jerry
Willard leading off the 13th, Pinch runner Joe Carter went to third

FRIDAY BASEBALL

when George Vukovich lined a sin-gle off Tobik's glove into center field, then Jacoby hit Tobik's next pitch into the hole. Texas had gone ahead, 12-11, in the top of the 12th. The Indians tied it in the bottom of the inning on Odell Jones's wild pitch.

Twins 5, Tigers 3 Tigers 7, Twins 5
In Detroit, the Tigers' Jack Morris (12-4) had beaten Minnesota 11 straight times, but lost to the Twins, 5-3, in the first game of a double-header. Kirk Gibson's two homers in the nightcap led Detroit

to a 7-5 victory. White Sox 2, Orioles 1 In Chicago, Baltimore managed only three hits against Richard Dotson of the White Sox and lost,

2-1. Ron Kittle homered for Chicago in the second. Mariners 5, Red Sox 3 In Boston, Jim Presley hit his first home in the major leagues and Alvin Davis singled home two runs

in a three-run seventh as Seattle defeated the Red Sox, 5-3, A's 2, Blue Jays I

In Toronto, Joe Morgan had two hits, one of them a single that drove in the leading run in the eighth to give Oakland a 2-1 victory over the Blue Jays.

Brewers 1, Angels 0 In Milwaukee, Rick Manning's

and Rollie Fingers combined for the shutout. Royals 3, Yankees 2

In Kansas City, Missouri, Bud Black yielded three hits over 81/2 innings and Willie Wilson drove in two runs to give the Royals a 3-2 triumph over New York. Cardinals 5, Padres 0

In the National League, at San Diego, rookie Ricky Horton, in his fourth major-league start, pitched 7% innings of no-hit ball en route to a two-hitter as St. Louis downed the Padres, 5-0. Braves 5, Mets 3 In New York, Steve Bedrosian.

after 27 relief appearances, allowed four New York hits over seven innings to lead Atlanta to a 5-3 victory over the Mets. Phillies 7, Astros 2

making his first start of the season

In Philadelphia, Glenn Wilson hit a three-run homer and Ozzic Virgil homered with one on in a sixrun fourth inning that took the Phillies past Houston, 7-2. Expos 7, Reds 3 In Cincinnati, Tim Wallach ho-

mered and drove in three runs and

Charlie Lea pitched a five-hitter, retiring the last 19 Cincinnati batters to give Montreal its 7-3 triumph over the Reds.

Dodgers 7, Cubs 1 In Los Angeles, rookie Orel Hershiser (3-3) allowed nine hits. walked one and struck out eight as the Dodgers defeated Chicago, 7-1.

Giants 3, Pirates 0 In San Francisco, Jeff Robinson's five-hitter was the Giants' first complete-game shutout of the season, a 3-0 defeat of Pittsburgh.

مكنا من الاعل

LONDON - A week has gone by and John McEnroe kindly has neglected to wrap his racket around an umpire's throat. Jimmy Connors has yet to suggest an anatomical mpossibility to a linesman.

McEnroe has heaped a litany of buse on officials over the years: You are the pits of the world" Wimbledon, 1981) and "You hould be executed" (Davis Cup. out. Occasionally a mistake will be 1981) are but two pale examples.

I guess most people don't think I'm so bad anymore because they inally found something worse than me," said Connors, whose protests have ranged from the sublime to

This Wimbledon may be quiet so far, but the ladies and gentlemen in green blazers and ties have keen memories. They recall how McEnroe called an umpire a "moron" at Queen's Club two weeks ago. Before Wimbledon started, they

read the editorials that warned McEnroe and admonished tennis officialdom for being lenient with such a raffish brat.

And they well recall how McEn-roe claimed the officiating in tennis is "the worst of any of the sports" and that his form of righteous, whining protest would improve the state of affairs.

"People will thank me, 10 years from now," McEnroe said. A few umpires Saturday had sharp words on the situation. They are not supposed to talk to the press and many would not, but a

lew could not resist. "McEnroe's performance was absolutely disgusting," said one, who asked not to be identified. There are those of us who were absolutely appalled at that performance at Queen's Club. Of course, it wasn't the first time he'd abused

"You don't show any anger on

questioned, in no uncertain terms, the location of my eyes."

"How can [McEnroe] improve the standards?" asked Malcolm Huntington, a senior official who has sat in the umpire's perch a half dozen times for McEnroe, "I'd like to see him get into the chair and give it a try. Somebody has to arbi-trate whether a ball is in or if it's

made. But only very occasionally. "Here you are, watching a ball go more than 100 miles per bour and it's crossing your line of vision in a split second. How many shots are there in a match? Hundreds, I should imagine.

"I umpired the very first match here which used the electronic eye. That was something the players dearly wanted. McEnroe was playing, of course. And within 15 minutes they were complaining about the machine."

Many umpires are troubled that they do not receive proper support from tournament organizers and officials. Umpires are not supposed to allow "ball abuse," verbal or physical abuse and general unsportsmanlike conduct. And yet they have little backing.

At the U.S. Open in 1979, Frank Hammond applied a penalty point and then disqualified Ilie Nastase. But Hammond was overruled by the tournament supervisor and replaced in the chair by the referee. who oversees the umpires. Raul Ramirez was disqualified from a Masters tournament in Houston in 1976. Again, the umpire was overruled and the player reinstated.

Rex Bellamy, veteran tennis writer for The Times of London, recently called for a search party to find Beatrice Seal, the stern umpire who disqualified Pancho Gonzales at Queen's Club 12 years ago.

the outside, but inside you can get angry," said John Linfoot. "You have to sit there and listen to what-"There was doubt as to whether cover costs for those who do not



John McEnroe juggles his racket during a pause in his three-set defeat of Wally Masur.

same," Bellamy wrote. "The referee was in charge, not the player."

The umpires here are aware that in nearly every American sport, the players, coaches and managers bark at the officials. They are aware of it, but they will not accept it as part of "the gentleman's

Wimbledon umpires do not receive a salary. They get \$45 per day for expenses, not nearly enough to "We do get lunch and tea, of deportment of the players, espe-course," said Freddie Sore, an um-cially some of the American men. pire at Wimbledon for 35 years.

"It's funny," Freddy Sore said.
"I got into a bit of trouble in the "And for years, our expenses were '50s when I said I was delighted "The truth is, I would come for that the Americans had won the nothing. I used to play tourna-Davis Cup against the Australians. ments and I love the game. In fact, when I used to play there was a I said the Americans were the greatest sportsmen in the world clause in every entry form that said and the Australians were rather the every entrant is required to umpire worst. It caused quite a furor but it was true. At least then it was. Now

that's quite funny, isn't it?"

Scanlon Will Face McEnroe In 4th-Round Grudge Match

By David Remnick

Washington Post Service LONDON - Bill Scanlon, who lost narrowly to McEnroe last year at the All-England tennis championships at Wimbledon and then don Saturday as the singles adbeat him in the fourth round of the U.S. Open, advanced Saturday to the round of 16 at Wilmbledon, in which he will play McEnroe.

Scanlon was leading Boris Becker, 6-2, 2-6, 7-6 (8-6), 2-1, Saturday when Becker tore ligaments in his ankle and had to be carried off the court.

McEnroe, who scored an easy 6-0, 6-4, 6-3 victory over Wally Masur, has a bad history against Scan-lon. He has beaten him in nine of 12 matches, but the two players clearly annoy each other. At a match in Tokyo two years ago, McEnroe walked off the court without shaking hands with Scan-

"Why do I get under his skin so much? The same reason [the press] gets to him," Scanlon said. "You do get to him. You're hard on him. you wrote all the lovely things he'd like to read all the time, he'd love you. And if I rolled over for

him every time, he'd love me, too. "He walked off without shaking my hand, sure. But what do I care? Do you think I'm dying to be his friend? It's just one of life's little eccentricities. I don't think he loses control, really. Half the time it's planned, if you notice. He causes nore of a scene when he's lost mo-

McEnroe, for his part, did not member the incident in Tokyo, Ithough Arthur Ashe and others did. But McEnroe did agree that he and Scanlon are not exactly bud-

"It's the subtleties he uses that people don't realize," McEnroe said. "It's a general attitude. When you play against me, it's really easy to get the crowd going against me. It's like someone who's a friend on the outside but gives you a stab in the back on the inside."

"It'll be a good test," McEnroe said of Monday's match with Scan-lon. "He always plays better against me than against anyone

vanced to the round of 16. But in what could best be classified as an upset of sentiment, Britain's Virgmia Wade, who beat fifth-seeded

WEMBLEDON TENNIS

Zina Garrison two days earlier, fell to Carina Karlsson, 6-2, 4-6, 11-9. Wade, 39, who won the tournament in 1977, said she has not decided whether or not to play Wim-

bledon next year. "I've played 23 Wimbledons and I've spent the last 10 years saying I don't know the answer to that question," she said. "The answer's still the same. I'm just too tired to think about it.

Sunday is an off day. Both men and women will play the full round on Monday.

Seventeen of the 20 surviving women's champions will be at Centre Court to celebrate the 100th anniversary of the Ladies Championships, as they are still known. Chris Evert Lloyd beat Annabel Croft Saturday, 6-3, 6-4, and hit the ball harder than she had all week. Evert's next opponent is Claudia

Kohde-Kilsch, who beat Ann

Kiyomura-Hayashi, 6-3, 6-1. In other matches, Jo Durie advanced with a 6-4, 6-2 victory over Kim Steinmetz; Steffi Graf beat Bettina Bunge, 7-5, 6-3; Helena Su-kova edged Pam Casale, 7-6 (7-2), 6-7 (2-7), 6-4, and third-seeded Hana Mandlikova beat Catharine

Tanvier 6-4, 7-6 (7-4). Many, including Wade, have picked Mandlikova to be the main

threat to Martina Navratilova. The men's competition continues to be a question of who - other than McEnroe, Jimmy Connors and Ivan Lendi — can show signs of challenging for the title.

So far, the answer is nobody. Kevin Curren, who learned that his 51-year-old father had died shortly before his match, defeated Ramesh Krishnan, 6-2, 3-6, 7-6 (7-

3), 7-6 (7-3). Curren will play Pat Cash, who has already beaten fourth-seeded Mats Wilander. Saturday. Cash had an easy time with Cassio

Motta, 6-1, 6-3, 6-4. "Cash is Australia's best prospect in a long time," McEnroe said.
"He can hit it."

Vitas Gerulaitas continues 10 play long matches and prevail. He beat Brad Gilbert, 7-6 (7-4), 6-1, 3-6, 6-4. Since losing to Bjorn Borg here in a dramatic semifinal in 1977, Gerulaitas's career has wavered. Though he continues to win, his play is only a shadow of what it

Sixth-seeded Andres Gomez advanced with a seemingly endless 6-3, 6-4, 4-6, 1-6, 9-7 match against Guy Forzet.

Jimmy Connors (3), U.S., del. Marty Davis, U.S., 64, 6-7, (5-7), 6-3, 6-4; Scaft Davis, U.S., del. John Llovd, Eritalu, 8-4, 6-4, 7-6; Ivan Lendi (2), Caschostovatid, del. Roll Getz Ing. West Germany, 6-4, 6-2, 7-6; John McEnnee (1), U.S., del. Walty Masur, Australia, 6-0, 6-4, 6-3; Bill Scanlen (14), del. Barts Becker, West 4-3; Bill Scienter (14), del. Berlis Becker, West Germany-62-2-6, 7-6 (8-6), 1-2 retired; Sodist, U.S., def. Ricarda Acuna, Chile, 7-6, 7-6 (7-5), 7-5; Andres Gemez (8), Ecuador, def. Gov For-get, França, 6-1, 6-4, 6-1, 9-7; Terry Moor, U.S., def. Mark Edmondson, Australia, 6-3, 6-4, U.S., def. Mark Edmondson. Australia, 6-3, 6-4. 3-6, 4-6, 6-2; Vilas Gerulaliis (151, U.S., def. Brad Gilbert, U.S., 7-6 (7-4), 6-1, 3-6-4: Kevin Curren (11), South Africa, def. Ros India, 6-2, 3-6, 7-6 (7-3), 7-6 (7-31; Pa

Cioudia Kahde-Kiische (12), West Germany, def. Ann Kivomura-Hayashi, U.S. 6-3,6-1; Hans Mondlikova (3), Czechoslovakia, def. Catherine Tamvier, 6-4, 7-6 (7-4); Chris Everl Lloyd (2), U.S., def. Annobel Craft, Britain, 6-1, 6-4; Helena Sukova (14), Czechoslovokia, def. Pom Cosote, U.S., 7-6 (6-7), 6-7 (2-7), 6-4; to Turke M. Britain, def. Kim Steinmetz, U.S. Jo Durie 10. Britain, def. Kim Stei 6-4,6-2; Andrea Temesvari, Hungary, def. Sue Leo. Australia, 6-2, 6-2; Steffi Grat. U.S., def. Bertina Bunge, U.S. 7-5, 6-3; Carlos Karisson, Sweden, def. Virginka Wade, Britain, 6-2, 4-6.

A Woman's Place in Tour de France

By Samuel Abt

tional Herald Tribate ST. DENIS, France - Another Tour de France race, the first for women, began Saturday as Mieke Havik of the Netherlands earned herself a footnote to bicycling history by winning the sprint finish of the opening leg.

"That's something, to be the first winner," said Marianne Martin of the American team, in admiration. She finished third, edged for second by Petra de Bruin, another Dutch rider.

Martin was consoled by the very fact that there is a women's race, and because she was part of it. "You only get one chance to be in the first Tour de France," she said happily before the start of the race. Senta Bauermeister, a Canadian rac-er, agreed: "It's really historic, just being here."

This sense of history was strong in the field of 36 women divided into 6 teams representing 5 countries. France entered two teams and the United States, Canada, the Netherlands and Britain one each.

The course was modeled on the men's Tour de France, covering part of the same daily stages, roughly the final third over which the men race. Satur-

Record Set

In Henley's

Main Event

HENLEY-ON-THAMES. En-

gland — A course record was set Saturday in the Henley Royal Re-gatta's premiere event, the Grand

Challenge Cup, by Britain's 1984

Olympic crew, rowing under the combined colors of Leander and

London Rowing Clubs.
It lowered the mark set in 1975

6:10 in defeating the University of

Pennsylvania varsity heavyweight crew in a verdict of "easily," which

in Henley terminology means by

Harvard University's Freshman heavyweight lost their heat of the

Thames Challenge Cup to a more

experienced crew from England's

famed Leander Club. Harvard took

a measure of satisfaction in the

result, pressing Leander to a

Thames Challenge Cup course re-cord of 6:18, a full 7 seconds off the

weight crew defeated Yale Univer-

sity's varsity lightweight. The vic-tory by the Philadelphia college

was by one-half boat length over

the course in the time of six min-

the sport but making its second

Henley appearance in two years,

thus advanced to the semifinals of

the Ladies Challenge Plate, along

with two other U.S. teams, Prince-

The Temple oarsmen were he-

hind Yale halfway through their

race. But Temple bided its time.

under-stroking while steadily re-ducing the Eli boat length lead.

Temple, a relative newcomer to

Temple University's heavy-

previous mark.

utes 32 seconds.

ton and Brown.

more than five boat lengths.

3 seconds to the new standard

eled 148 kilometers (about 92 miles) through the grimy north-eastern suburbs of Paris while the women traveled 64 kilome-

International cycling rules limit women amateurs — there are no professionals - to 76 kilometers a day.

In all, the women will race 991 kilometers, an average of 55 kilometers a day, before finishing July 22 on the Champs-Elysees in Paris. The men will finish the same day, after covering nearly 4,019 kilometers.

is the same, the women will be

excused from climbing the highest mountains, getting instead five days off to the men's one. They are also competing for much smaller prizes, 100,000 francs (about \$11,750)

for the women compared with a total 15 times that for the men. "It's going to be labulous," proclaimed Corinne Legal-of the French team. One of the American riders, Betsy King, 32, became well-

known in France after she com-

United Press International LOUVROIL, France — Marc Madiot of France won the second stage of the Tour de France bicycling race, covering the 249 kilometers (150 iles from Bobigny in seven hoursn 31 seconds

Kim Andersen of Denmark finished second, two seconds behind the winner, followed by Stephen Roche of Ireland and Rudy Rogiers at three seconds. Jacques Hanegraaf of the Netherlands captured the over-

all lead, outpacing by one sec-

pleted the arduous Bordeaux-Paris race a month ago, 16 hours 11 minutes and prov-Madiot of France Wins 2d Leg

> Poel. Belgium's Ludo Peeters, Saturday's overall leader, fell to third place in the standings. Frank Hoste of Belgium, who won Saturday's first stage, from Bondy to Saint-Denis, came in

ond his teammate Adri Van Der

ninth in Sunday's leg. On Monday the competitors will race in two stages. In the morning, the cyclists will make a 51-kilometer team time- trial race from Louvroil to Valenciennes. In the afternoon they will complete the fourth stage, an 83-kilometer run from Va-

lenciennes to Bethune.

In a training run Thursday she cut her left knee badly, and her doctors considered it doubtful that she could race in the women's Tour de France.

the men in endurance.

a match every day."

She entered anyway, heavily bandaged from mid-thigh to

ing that a woman could match

"It's bad, but I wasn't about to miss this," King explained. The women were loudly cheered Saturday by tens of thousands lining the course, as were the men a few hours later. jeer, sounded by Jacques Anquetil, five times a winner of the Tour de France during the 1960s and now a newspaper col-

umnist during the race. "I have absolutely nothing against women's sports, but I find that cycling is far too diffi-cult for a woman," he wrote in the Saturday edition of the sports newspaper L'Equipe.
"They're not made for the sport. I prefer to see women in a short white skirt rather than racing shorts. In fact, I like women a lot and am really sorry to see them suffer. On a bicycle, there's always a lot of suffer-

Asked for comment, several of the women riders merely rolled their eyes.



Havik Nieke capturing the first women's yellow jersey.

Express, Stars Triumph

In USFL Playoff Games

LOS ANGELES — Mel Gray

romped 24 yards into the end zone

3:33 into the third overtime period

Saturday, giving the Los Angeles Express a 27-21 victory over the defending champion Michigan

Panthers in the United States Foot-

The Express will play the winner

of Sunday's Houston-Arizona game next Saturday in the Western Conference final.

In an Eastern Conference play-off game, the Philadelphia Stars

avenged their only two regular season losses with a 28-7 rout of the

New Jersey Generals. The Stars, who lost to Michigan in last year's

championship game, will be the host to the winner of Sunday's Bir-

mingham-Tampa Bay game next

The USFL championship game,

the league's second, will be July 15

In the Los Angeles playoffs, the

Panthers' Novo Bojovic missed

field-goal tries of 37 and 36 yards

The Express started the winning

drive on their own 25. Steve Young

hit JoJo Townsell on a 19-yard

pass, and two plays later Townsell

caught a 28-yard pass to bring the ball to the Michigan 26. Two plays

after that, Gray broke a tackle down near the 5 and and lunged

Gray finished with 124 yards on

Sunday for the conference title.

at Tampa, Florida.

earlier in overtime.

into the end zone.

intercepted twice.

ball League playoffs.

Giants Rise From Cellar With Defeat of Pirates

ver's seventh-inning single scored delphia in the National League Dan Gladden from second base East. Reliever George Frazier (I-0) with the go-ahead run Saturday to give the San Francisco Giants a 7-5 was the winner. Tim Stoddard finished for his fourth save.

victory over the Pittsburgh Pirates. It was the Giants' fourth straight victory and their third straight over the Pirates. The Pirates replaced the Giants with the worst record in baseball, suffering their fifth straight loss. Rookie Frank Wil-

SATURDAY BASEBALL

liams (6-1), pitched two innings of relief for the victory, and Gary Lavelle went the last two innings for his eighth save. Cecilo Guante (2-3)

was the loser. San Francisco took a I-0 lead in the first off Pittsburgh's starter, Jose DeLeon. Gladden singled, stole second and scored on a single

by Jeff Leonard. The Giants scored three runs in

With one out in the seventh,

ninth on Amos Otis's infield out. Astros 7, Phillies 0

(3-0) drove in a run with a sacrifice fly and blanked the Phillies for six and scored three touchdowns, and innings to lead Houston to a 7-0 shutout. Dave Smith finished and earned his third save. The Phillies' starter, Charles Hudson dropped to 6-7. Terry Puhl hit his second one on a 10-yard run and the other homer of the season for Houston. Reds 4, Expos 1

Smith (6-6), took the loss.

31 carries and Young completed 23 Brit Circle

TD came with 1:19 left in the half.

Los Angeles sent the game into

overtime on Nelson's 1-yard run

and Young's two-point conversion

run with 55 seconds left in the

In Philadelphia, Kelvin Bryant rushed for 117 yards in 23 carries

Garcia Lane returned a punt 70

yards for another score to lift the Stars.

on an 11-yard pass from Chuck

Fusina, in the Stars' 21-point sec-

ond quarter. He added a I-yard

touchdown run in the fourth quar-

ter to cap a 75-yard, 20-play drive

that took nearly 11 minutes and

Lane's punt return came 84 sec-

onds after Bryant's first touchdown

and enabled the Stars to take a

quick 14-0 lead after a scoreless

first quarter at Franklin Field.

Bryant scored two touchdowns,

fourth quarter.

iced the game.

of 44 passes for 295 yards and was Friday's Resul Michigan led 14-10 at halftime Garcia Lane of the Philadelphia Stars being lifted by his teammates after he ran a punt on a 3-yard TD run by Cleo Miller return all the way for touchdown in the Stars' 28-7 defeat of the New Jersey Generals. and a 22-yard scoring strike from

CFL Standings

SAN FRANCISCO - Al Oli ride into a first-place tie with Phila-

the fifth. Starter Bill Laskey drew a walk and Gladden followed with his second home run in two days. Johnnie LeMaster doubled and scored on a single by Leonard to make the score 4-0. Pittsburgh tied the score with

four runs in the sixth. Lee Mazzilli and Bill Madlock walked and Jason Thompson singled to load the bases. Williams replaced Laskey and Tony Pena hit into a force play, allowing Mazzilli to score and putting runners on first and second. Lee Lacy forced Pena at second and Jim Morrison then hit a three-run homer, his second homer of the year.

Gladden walked, stole second and The Express scored on two TD runs by Kevin Nelson and field goals of 32 and 34 yards by Tony Zendejas. scored on Oliver's single up the middle. The Giants added a pair of insurance runs in the eighth on pinch hitter Chili Davis's two-run

In Philadelphia, Mike LaCoss

In Cincinnati, Mario Soto hit his first major-league home run and pitched a four-hitter, pacing the Reds 4-1 triumph over Montreal. Soto (9-1) with seven complete games, struck out seven and walked four to win his eighth straight game. Montreal's starter, Bryn

Cardinals 4, Padres 1 In San Diego, Joaquin Andujar won his 13th game, the leader for the major leagues, lifting St. Louis past the Padres, 4-1. Andujar left the game with one out in the bottom of the sixth when he aggravated a sore right hamstring muscle. Tim Lollar fell to 7-6.

Cubs 14, Dodgers 4 In Los Angeles, Bob Dernier paced a 20-hit attack with a homer and three singles, as Chicago over-whelmed the Dodgers, 14-4, Ryne Sandherg collected four hits and an RBI and Jay Johnstone had three

delphia in the National League

Royals 6, Yankees 2 In the American League, in Kansas City, Missouri, Greg Pryor cracked a three-run homer and Steve Balboni and Butch Davis also homered to give the Royals a 6-2 victory over New York.

Blue Jays 6, A's 1

In Toronto, Tony Fernandez drove in a pair of runs and Doyle Alexander tossed a seven-hitter to lead the Bine Jays past Oakland, 6-I. Alexander (6-4) struck out six and walked two in his second compiete game.

Mariners 2, Red Sox 1 In Boston, Dave Henderson's home run in the seventh inning snapped a 1-1 tie and Seattle held on to defeat the Red Sox, 2-1. Seattle's Jim Beattie (8-7) won his

White Sox 5. Orioles 4

fourth consecutive start.

In Chicago, Vance Law belted his I I th homer of the year with one out in the bottom of the 11th to give the White Sox a 5-4 victory over the Orioles. Al Jones (1-1) pitched one inning of relief for the

In Cleveland, Larry Parrish drove in two runs with a pair of smales and Charlie Hough pitched his sixth complete game in his last eight starts as Texas edged the Indians, 2-1.

Rangers 2. Indians 1

Tigers 4, Twins 3 In Detroit, Larry Herndon scored from third base on Ron Da-vis's wild pitch in the bottom of the

eighth, lifting the Tigers over Min-

nesota, 4-3. Angels 2, Brewers 0

In Milwaukee, Geoff Zahnpitched a three-hitter and Dick Schofield and Reggie Jackson each a drove in a run for California's 2-1 victory over the Brewers. Zahn (9-4) struck out six and walked three . in pitching his third shutout of the

Major League Standings AMERICAN LEAGUE

21 .724 GB
21 .724 10
31 .592 10
35 .545 134,
40 .474 19
42 .447 21
41 .446 21
42 .425 221/2 .487 .487 .481 .448 .432

553 553 535 497 WEST -587 -551 513 474 467 -400

صكذا من الأصل

By William J. Broad New York Times Service

ABOUT three years ago a kind of obsession began to take hold of Mark M. Kuchment, a 48year-old science historian who emigrated from the Soviet Union to the United States in 1975.

While interviewing Soviet émigres for a Harvard University research project. Kuchment kept hearing stories of an American engineer who had achieved dazzling success in the secret world of Soviet military research. How could that be?

Kuchment set out to find the answer. In doing so he would ultimately solve a mystery of science and international intrigue that had baffled scholars and U.S. federal agents for a third of a century.

The rale pieced together by Kuchment revealed that Filipp Georgievich Staros, a high official in the closed world of Soviet military research, and Alfred Sarant, an American engineer who fled from the United States after the 1950 arrest of a close friend, Julius Rosenberg, were one and the

Kuchment, who teaches at Boston University and is a fellow at the Russian Research Center at Harvard, said his inquiry shed little light on the debate over the guilt or innocence of Julius and Ethel Rosenberg, who were convicted of passing U.S. atomic bomb secrets to the Soviet Union and executed in 1953.

However, he thinks his research does reveal much about Soviet technology, about the flexibility of Soviet officials in exploiting the skills of a foreigner and about the mentality and motives of a defec-tor who took up life in the Soviet

"It's a strange and interesting story," said David Holloway, an expert at Stanford University on the Soviet military, as he reflected on how an Américan could become so well entrenched in the Soviet military. "As far as I know the case is unique — somebody coming from abroad and not only eetting an important research post in the Soviet Union but a military

one as well." The man described to Kuchment by émigrés as an American was the chief designer at a military research laboratory in Leningrad



Kuchment pieced together story of dual identity.

and was the driving force behind the establishment in the Soviet Union of the microelectronics field, the transition from bulky tubes to transistors and silicon chips for computers.

The name of the mysterious innovator was said to be Filipp Georgievich Staros

"I was amazed that an American had made it in the military. and I thought it would be a difficult story to confirm." Kuchment recalled. But the historian soon came across a significant fact: Staros had won the Soviet state prize, so there was a public record

He found a biographical sketch in a Soviet yearbook. He also learned that Staros had died in 1979 and found an obituary in Izvestia that hailed his research as

Some of the information was impossible to confirm. It was said, for instance, that Staros had graduated from the University of Toronto, but the registrar's office there had no record of such a

Who was the person behind the false identity? "He was probably a foreigner." Kuchment recalled. "And there were other clues. The name Staros sounds Greek, so I assumed he was a Greek Ameri-

The breakthrough came after nearly two years of interviewing

and research, and after Kuchment had almost given up hope.

"I had gathered many little facts on his life in the Soviet Union - that Staros was married to an American woman, for example, and that they had arrived from Czechoslovakia after spend-

ing some years there." The insight came in the summer of 1983. I had to go to Europe on business and I decided I would try to meet with some emigrants from Czechoslovakia so I would have a better understanding of where the Americans had come from They didn't know a thing.

"I came back quite exhausted and I decided to relax and read the latest issue of The New York Review of Books. And suddenly there it was. I read a review of a book about the Rosenbergs that said it didn't pay much attention to people who were friends of the Rosenbergs who had probably disappeared behind the Iron Cur-

"It was 9 o'clock in the evening and I immediately ran off to Harvard Square because our bookstores are open quite late. I realized that even though they didn't mention much in the book it was going to be good enough for me.

"Immediately I found my guy

— Alfred Sarant, which sounded like a contraction of a Greek name," he said. "All the pieces started to fall into place.

In 1950 Sarant was a 32-yearold electronics engineer who had worked at Cornell University in Ithaca, New York, on the construction of a cyclotron. In the early 1940s he had been a member of the U.S. Communist Party.

According to the book, "Invitation to an Inquest," FBI agents went to Ithaca to see Sarant on July 18, 1950 - a day after Rosenberg's arrest on espionage charges - and accused Sarant of. keeping an apartment at 65 Morton Street in New York City for espionage purposes.

Sarant claimed innocence, Not long afterward, using false identification, he and Carol Dayton, the wife of a neighbor in Ithaca, fled to Mexico.

Relatives and U.S. authorities never heard from them again. The problem was proving that Sarant had taken a new identity. "There is a simple way," Kuchment said. "You get his photo-

graph and show it to two sets of

people."

Kuchment managed to get a photo of Alfred Sarant from the engineer's sister in the United States, who said the family was indeed of Greek descent. He took the snapshot to Philip Morrison, who had worked at Cornell and who said it clearly showed his

Next, he took it to one of the Soviet emigrés who had worked for Staros in the Soviet Union. "He looked at it for a long time," Kuchment recalled, "and

neighbor, Alfred Sarant, in the

then he said, 'Could I draw a slight mustache?' We did and he smiled and said, 'Yes, that's Staros. an absolute piece of evidence." Kuchment added. "You have to have other things. For example, the Russian patronymic of Staros

means son of George and indeed the name of Sarant's father was George. And Staros always claimed he had four brothers. And, yes, Sarant had four broth-Kuchment also gathered evi-

dence showing that Staros's best friend and right-hand man in the Soviet Union had been Joel Barr, another Rosenberg associate who in 1948 had left the United States. Kuchment has no doubt whatever about the real identity of the



Photograph used to identify Filipp Georgievich Staros.

The episode is also revealing of

the Soviet system, said Kuchment,

because Sarant, despite his

achievements, ultimately ran afoul of the bureaucracy and was

demoted to a minor post in Vladi-

The problem appeared to be that he hired on the basis of merit

rather than party loyalty, and his employees included Jews and

nonparty members. This, Ruch-

ment said, infuriated party offi-

Another possible factor in his

downfall, said Kuchment, was de-

tente and the sudden availability

in the 1970s of computers from

from complete. "Why did he get so disappointed in the American

system?" Kuchment asked. "May-

be he was just driven out because

of unfortunate circumstances. But

there also was something else in

American life at that time, some

kind of ideological vacuum. How could such a bright guy turn to such a primitive theory as Marx-

ism? For me, that's a very sub-

way he might recall an old friend.
"He didn't speak that much on

political issues. He was very un-

happy, very frustrated, especially

in the last period of his life. He

was appalled by Soviet anti-Semi-

stantial question."

The saga of Alfred Sarant is far

the West.

mysterious Soviet researcher. Although he has published his thesis. the Soviet Union has not, to his

knowledge, responded. Was Sarant a spy for the Soviet Union while in the United States? And, if so, does the episode cast light on the case of the Rosen-

To both questions Kuchment answers with a tentative no, although he says new evidence could change his conclusion. Sarant's field in the Soviet

Union did not exist at the time he fled. What he took to the Soviet Union, Kuchment says, were superior skills, his American background and a knack for team-

Sarant clearly was quite suc-cessful. By 1964 his institute had about 800 employees, according to Kuchment's sources. Although the military side of Sarant's career is wrapped in secrecy, he also designed civilian computers that achieved wide Soviet acclaim. such as the UM-1-NKh and the Electronica K-200, according to Kuchment Researchers at the Rand Corp. at the time called these Soviet machines "surprisingly up-to-date."

Kuchment says it is especially aros.' According to Kuchment, Sar-"Of course, a photograph is not ant's rise in a secret area of reimportant given the difficulties that Sarant experienced late in his search also casts light on the Sovi-Soviet career. "He was a very cautious and very reserved man." said Kuch-ment, who speaks of Sarant the

et bureaucracy.
"It shows the Soviets can have enormous flexibility when a pro-ject is sufficiently high on their list of priorities," he said. "Sarant was clearly a security risk. But ultimately they cared only about his work, not his background. And this decision could be made only by very high officials in the Soviet

Indeed, according to Kuch-"The image I am getting is of an ent's sources, Sarant knew Dmiidealistic Communist who was tri F. Ustinov, now the Soviet deterribly disappointed in the social fense minister, as well as Nikita S. realities of the Soviet Union. But Khrushchev, who is said to have it was too late. There was no way visited the research institute.

REAL ESTATE

TO RENT/SHARE

GREAT BRITAIN

INDIANOLA POSTCARD Staging 'Aida' in Iowa

By David Tomlin The Associated Press

NDIANOLA, lows - These things may be commonplace in New York or Chicago, but central lowa has never seen the likes of what Douglas Duncan and the Des Moines Metro Opera have laid on for this month. On July 6, a gaudy caravan of 30 ancient Egyptian sol-diers, 50 peasants, 40 Ethiopian captives. 35 priests and a dozen muscle-bound bearers, together with an elephant, two zebras, a brace of camels and maybe a Bengal tiger will troop onto the Des Moines Civic Center stage.

Only the tiger is a doubtful starter as the oversized troupe prepares to stage "Aida." by far its most ambitious production.

The opera is making a deter-mined bid to win respect in the Midwestern comfields for a company that has already won a modest spot on the national opera map. "Just 10 minutes ago I got a call from the animal trainer asking if he

cause the tiger is acting a little skit-tish around people," said Duncan, the opera's managing director. "I don't know if grizzlies lived in Ethiopia," he mused. "But on the other hand, why would anybody be bringing captured camels to Egypt

That was typical of a host of puzzles Duncan is having to unrav-el in order to mount the opera's first production outside its home stage, the 500-seat Blank Performing Arts Center at Simpson College

15 miles south of Des Moines. For example, the show had only a handful of bearers and soldiers until Duncan advertised locally for weight lifters and other body cult-

ists who wanted to appear in loin-cloths before an audience of 2,750. "Wimps need not apply," the ad said. Duncan put a soft-voiced operator to work taking waist and bicep measurements over the phone, and the cast is now amply

stocked with glistening beefcake. But all that skin requires plenty of makeup. "I got a bill for \$480 just for body makeup to make these guys brown," Duncan said.

The animals alone will cost \$6,250 out of a total production cost approaching \$300,000, more than half the opera's annual bud-

Bob Hale of the 5-H Ranch in Cape Girardeau, Missouri, is the beastmaster, and his price includes trained handlers with "a theatrical way of making sure the animals don't do anything disgusting on

All the same, the company has upped its liability insurance from \$2 million to \$5 million. And Duncan said his backstage conducter was neurotic as heck about having all those animals back there. He wants a gun, and I think he's seri-

For Duncan, problems on this scale are a far cry from the opera company's birth 12 years ago, when he and artistic director Robert Lar-sen struggled to stretch a \$20,000 budget into eight performances.

Now the company boasts 15 soloists, 40 apprentice singers, a 45-piece orchestra, a dozen coaches and directors and its own technical crew. Guest stars have told Duncan that only St. Louis and Santa Fe, can substitute a grizzly bear be-New Mexico, have regional operas that rival that of Des Moines.

But most of the performers come from out of state, and Duncan said the company is far better known in New York than in Iowa. He and Larsen are hoping "Aida" will ex-pand their local audience and at the same time make fund raising possi-

2,750-seat performances on July 6 and July 8 are close to being sold out. If the scenery arrives from San Diego, if the costumes from Toronto lit and if the animals don't stampede in tight backstage

quarters. Duncan looks for a mg In many ways, "Aida" was the perfect vehicle. Larsen and Duncan chose it for its lavish spectacle, its familiarity to non-opera goers and

its crowd-pleasing plot, dripping with violence, betrayal and starcrossed love. "Operas have the greatest sto-

ries, some of the trashiest stories anywhere," Duncan said. "They sometimes make soap operas seem like fine novels.

William Safire is on vacation and will resume his language column

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